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TODAY:
BRIEFS
OPINION
PERSPECTIVE

Market Turmoil Raises Fears of Debt Moratorium

By Michael Richardson
International Herald Tribune

SINGAPORE — Currencies in Indonesia, Thailand, Malaysia and the Philippines tumbled to record lows Wednesday, bringing closer the specter of large-scale corporate defaults and layoffs, and dragging down stock markets from Southeast Asia to the Americas.

The currencies of the four countries have now hit record lows on each of the trading days of the new year, with no end in sight, despite signals from fi-

nancial officials that they would intervene to protect their currencies.

Analysts said that the downward spiral in currency values was undermining confidence in the ability of governments to restore stability.

"We have seen a major wave of foreign capital flight from Southeast Asia," said Simon Ong, chief economist for Asia in the Hong Kong office of SBC Warburg Dillon Read. "Now we are seeing domestic capital flight. People just don't trust their policy-makers in sorting this mess out."

Some bankers and economists said

that if the downward currency spiral continued, Indonesia and Thailand — the region's two most heavily indebted nations — might be forced to declare a moratorium on repaying private-sector debts, which total more than \$150 billion, to save many companies from going bust. Much of the money is due to be repaid this year.

But other analysts said that as plunging local currencies made it increasingly costly to repay dollar loans, companies were simply refusing to

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Indonesia Endangers Its Rescue, Officials Say

By Paul Blustein
and Sandra Sugawara
Washington Post Service

The \$43 billion international rescue plan for Indonesia's economy is in danger of coming unstuck, government officials and private analysts warn, as the nation's currency plunges to record lows daily, and its government insists on a budget that fails to meet targets set by the country's creditors.

Indonesia's troubles are the latest sign that Asia's financial crisis is worsening despite more than \$100 billion in international bailouts that have been mustered by the International Monetary Fund for several of the region's once-prosperous economies.

The currencies of Indonesia, Thailand, Malaysia and the Philippines tumbled again Wednesday and have now hit lows on each trading day of the new year. This relentless turmoil in Asian markets is intensifying worries that the IMF-led rescues are failing to reverse the region's slide toward economic and political chaos.

South Korea's \$57 billion bailout, the biggest ever, had to be strengthened two weeks ago because capital was continuing to flee the country, forcing the IMF and the world's richest countries to speed loans to Seoul ahead of schedule. The free fall of the rupiah is raising the prospect that Indonesia's rescue package will also have to be supplemented or altered in some significant way.

IMF officials acknowledged Monday that the Indonesian situation was becoming particularly worrisome, but



Passers-by tracking the tumbling Hang Seng index on a monitor in Hong Kong on Wednesday. It ended with a loss of nearly 6 percent.

they said the Jakarta government was mainly at fault for failing to follow through on pledges to restructure the nation's economy.

Clinton administration officials, who have been heavily involved in designing the IMF packages, hold similar views, although they have declined to be quoted.

"We would like to see the senior leadership in Indonesia stand up and be counted on the reforms," a senior IMF

official said. "I think the markets are asking themselves the question of just how much the senior Indonesian leadership is committed to this program."

Particularly, he said, they want to see the commitment to the major reform measures that affect the family of President Suharto. A number of Mr. Suharto's relatives own or control companies that would lose lucrative

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Rome Killing Alarms Gay Community

Victim, a Volunteer Aide to the Pope, Is 19th in String of Slayings in '90s

By John Tagliabue
New York Times Service

ROME — It might have been just another murder in a country where violence is not rare, except that the one who died in an apparent encounter with a gay lover-turned-assassin was a *Geodeman* of His Holiness, one of a select group of laymen who receive dignitaries when they arrive at the Vatican for audiences with the Pope.

The killing has served to lay bare an underside of this Italian capital, where few public figures will admit they are gay and where the Catholic Church wields its enormous influence to sustain widespread censure of any form of homosexual activity.

Most of all, though, the killing focused attention on an unsettling string of

murders of gay men, usually in their homes, that the government and the police have been unable to stop.

Enrico Sini Luzzi, 67, a descendant of minor nobility, was the 19th gay male murdered in Rome since 1990 and the third in the last year. Of the 18 previous murders, only 9 have been solved and of those none was committed by the same person.

Franco Grillini, president of the national gay rights group, Arcigay, said the group estimates that between 150 and 200 gay men are murdered each year in Italy. The figure may be higher since many Italian families seek to conceal the circumstances of the violent deaths of gay relatives.

"We are by now in the face of a real and true national emergency," said Mr. Grillini, 42, a psychologist, by phone

from the group's headquarters in Bologna.

In a statement, Arcigay called the deaths the result of "social violence generated by homophobia" and called on the government to take action.

Government intervention was "absolutely necessary," the statement said, "to end this wave of homicides and to begin seriously removing obstacles that prevent all homosexuals from living a peaceful life in full safety."

The body of Mr. Sini Luzzi, clad only in underwear but with a cashmere scarf wrapped around the neck, was found in his apartment Monday.

Friends of Mr. Sini Luzzi, who had a tobacco store in the Prati neighborhood of Rome until he retired about 10 years

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Standing By While Algerian Horror Mounts

By Brian Knowlton
International Herald Tribune

WASHINGTON — The questions arise ever more insistently as the body count of Algerian horror mounts, the tally already higher than in many other conflicts.

Where is the international reaction? Where the thundering condemnations? Where are the peacemakers, the conciliators? How can it be that the brutal

murders of gay men, usually in their homes, that the government and the police have been unable to stop.

The Algerians have rejected even the mildest comments as interference, said Robert Pellegrin, former U.S. assistant secretary of state for Near East and South Africa. "The Algerian government is very allergic to outside pressure."

"It's a very tough situation," Mr. Pellegrin said. "Any solution requires working with the Algerian government. But if you get the Algerian government against you from the beginning, you're

government canceled a general election in which radical Islamists held a commanding lead, it is believed to be 80,000. A fresh wave of bloodshed has brought to more than 1,000 the number killed in the last two weeks alone, including 62 announced Wednesday by the security services in Algiers.

Privately, many governments can only express their frustration at trying to help, to work with, even to talk to, an inward-looking Algerian government that has rejected their efforts with fury, slamming the door in recent months on an initiative by the UN secretary-general, Kofi Annan.

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Market Turmoil Raises Fears of Debt Moratorium

The Dollar

	Wednesday	4 P.M.	previous close
DM	1.8258	1.8223	
Pound	1.8258	1.825	
Yen	131.85	133.825	
FF	6.104	6.103	

The Dow

	Wednesday	close	previous close
3.98	7902.27	7906.25	
S&P 500	964.00	966.58	

Iranian President Sends U.S. Message

In Tone Unheard in 18 Years, Khatami Alludes to Better Ties

The Associated Press

TEHRAN — President Mohammed Khatami, in his first interview with a U.S. television network, is sending a message to Americans that Iran wants better relations after nearly two decades of hostility.

Aides who sat in on the taped interview, which was to be broadcast Wednesday night by CNN, said Mr. Khatami praised the American people several times and said citizens of the two nations should be brought closer together.

In an excerpt broadcast earlier Wednesday night by CNN, Mr. Khatami alluded to the possibility of improved relations.

"Firstly," he said, "nothing should prevent dialogue and understanding between two nations. Especially between their scholars and thinkers. Right now, I recommend the exchange of professors, writers, scholars, artists, journalists and tourists."

"A large number of educated and noble Iranians now reside in the United States as representatives of the Iranian nation," he continued.

"This shows there is no hostility between the two nations. But the dialogues between civilizations and nations are different from political relations. In regard to political relations, we have to consider the factors which led to the severance of relations."

"If some day another situation is to emerge, we must definitely consider the roots and relevant factors and try to eliminate them."

The aides who sat in on the taping said he also criticized U.S. leaders, saying they were to blame for the rift that followed the 1979 revolution that toppled the shah.

Other sources said Mr. Khatami's remarks were most notable for the tone and rhetoric he used, which they described as different from anything heard from an Iranian leader in 18 years.

The interview with CNN was the latest step by Mr. Khatami, a cleric who won a stunning victory in May, to seek rapprochement with the West.

At an Islamic summit meeting in Tehran in December, he said that the Muslim world needed to learn from Western civilization, especially its scientific and technological achievements.

He signaled this change in a news conference last month, when he called for "a thoughtful dialogue." He had added: "At the appropriate time, I will present my words to the American people."

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U.S. Reviewing Sanctions Policy

Reuters

WASHINGTON — The State Department is starting a formal review of its sanctions policy. Stuart Eizenstat, undersecretary of state for economic affairs, said Wednesday.

The State Department hopes to find ways to make sanctions more effective in foreign policy, he said in a speech at the National Press Club.

Threatened or imposed U.S. sanctions against companies that do business in Cuba and Iran have been a major source of tension between the United States, its European allies and Russia.

Sanctions loom in a \$2 billion gas deal with Iran by the French energy giant Total SA.

Mr. Eizenstat said that legally mandated sanctions relating to arms transfers and nuclear proliferation would not be part of the review.

South Africans To Try Botha For Thwarting Truth Panel

By Lynne Duke
Washington Post Service

JOHANNESBURG — Pieter Botha, a former president of South Africa and one of the most hard-line leaders during the apartheid era, will be prosecuted for refusing to appear before the nation's Truth Commission and trying to hinder its work, an attorney general announced Wednesday.

The case marks the first time an apartheid-era head of state will be criminally prosecuted and the first time the Truth and Reconciliation Commission has brought charges against an unwilling witness.

The octogenarian former president, who is remembered bitterly by blacks here as the leader of the "total strategy" against them in the 1980s, has called the commission a "circus" and has defied a series of subpoenas to appear before it.

The Western Cape attorney general, Frank Kahn, said in Cape Town that the decision to prosecute "has weighed heavily on me."

"He is almost 82 years of age," Mr. Kahn said, "and no attorney general in any civilized country

Preserved by 'Plastination' / Morality of 'Anatomical Artwork' Exhibition Arouses Debate

German Show Uses Corpses to Bring Alive the Body's Wonders

By Edmund L. Andrews
New York Times Service

MANNHEIM, Germany — Until recently, this mid-sized industrial city was known for much more than its ice-hockey team. But that was before the Runner, the Muscleman and the Expanded Body.

The three are among the displays at "Human Body World," an exhibition on human anatomy at Mannheim's Museum of Technology and Work. The life-sized figures are posed in such familiar human activities as running, standing or sitting, but unlike the specimens at a conventional science museum, the Runner and his numerous colleagues are real human corpses. Preserved through a process called "plastination," the bodies, donated by volunteers, have been transformed into what the inventor of the process calls "anatomical artwork."

And they have stirred up a debate across Germany over the boundaries of morality, art and science.

The Runner is frozen in the loping gait of a marathoner, stripped of almost everything except bones and muscles. Its outer muscles fly backward off its bones, as if the muscles were being blown by the wind rushing past.

The Muscleman is a bare skeleton that holds up its entire system of muscles, which looks like an astronaut's hulky spacesuit dangling on a hanger. The Figure With Skin retains all its muscles and organs, but its skin is draped like a coat over one arm. The Expanded Body resembles a human telescope, its skeleton pulled apart so people can see what lies beneath the skull and the rib cage.

Roman Catholic and Protestant church leaders have denounced the exhibit as a breach of human dignity. The premier of the state of Baden-Württemberg would like to shut the exhibit. The local district prosecutor is trying to decide if it can bring criminal charges against museum officials.

Yet the show has also attracted heartfelt praise. Defenders say that, far from being macabre, the exhibition celebrates the wonder and the fragility of the human body in all its dimensions.

"I do not see this as a room full of corpses or as a hall of death," said Gunther von Hagens,



The Runner, a cadaver, is frozen in the loping gait of a marathoner, stripped of almost everything except bones and muscles.

a medical doctor who is a lecturer in anatomy at the University of Heidelberg School of Medicine. He invented the plastination technique and assembled the exhibit here.

"What this does is build bridges back to your own body," he said. "When you look at the models, you can recognize yourself as a member of the human species. Your humanity becomes clear."

More than 200,000 people have passed through the exhibition since it opened two months ago, and visitors now wait as long as three hours to get in. On leaving, the vast majority of visitors say the exhibition gave them a new appreciation of the human body.

Many have even signed up as potential

donors of their own bodies.

"It showed the human body as a wonder machine," said Gisela Linde, an architect from Berlin who came at the insistence of one of her children, a medical student. "You can see the complexity and the mystery. It showed the humanity. I really would like to have stayed longer."

Both the technology and the exhibition's off-the-shelf impact come from Dr. von Hagens, a 53-year-old native of the former East Germany who is unfazed by accusations of being a real-life Dr. Frankenstein. Indeed, as he threaded his way through the packed crowd, he was surprised to find himself besieged by people wanting his autograph.

"Just look at all the people coming here — and many of them came here full of skepticism," he said. "But they find themselves fascinated and enthusiastic. That shows you that this exhibit is affecting them in an important way."

Dr. von Hagens pioneered his preservation techniques for use in medical schools shortly after he arrived in Heidelberg more than 20 years ago. Body parts are immersed in acetone chilled to 13 degrees Fahrenheit (-10.5 Celsius) and the water is removed from every cell. The water is then replaced with molten plastic material that later hardens. The parts retain their color and shape, although many organs end up looking like plastic.

Dr. von Hagens went on to become a virtuoso at displaying individual aspects of the body — the skin, the muscles, the digestive tract or even just the circulatory system. He also learned how to preserve human bodies in vertical and horizontal slices a quarter-inch (.635 of a centimeter) thick.

BUT THEREIN lies the controversy. While nobody questions the value of fashioning sophisticated cadavers for use by medical students, religious and ethical critics say that Dr. von Hagens has crossed an important line by treating the human body as something tantamount to a sculptor's clay.

"The Mannheim exhibition fits somewhere between art and commerce, one in which the likely damage to taboos has been factored in as a cost," said Johannes Reiter, a Catholic theologian and ethicist at the University of Mainz who serves on a commission that advises Chancellor Helmut Kohl on questions of ethics and technology. "He who styles human bodies as a so-called work of art no longer respects the importance of death."

Catholic and Protestant church leaders from Mannheim have also vigorously protested the exhibition and implored local government leaders to prevent it from even taking place.

Although he has been approached by anti-abortion groups to prepare plastinated fetuses for use, he said he has refused to do so for fear of becoming embroiled in political battles.

Dr. von Hagens said that he has not even

begun to run out of ideas for new body displays. "I have already designed quite a few other specimens, but I wouldn't show them to the public because they would be misunderstood," he said.

Yet he himself has invited criticism by referring self-consciously to his displays as "anatomical artwork."

"I use the word art very cautiously, because it has come to mean business and entertainment," he said as he strolled through the museum. "What I mean here is an exhibit of the human anatomy that is both instructive and aesthetic, an exhibit so exact that it represents a work of art."

TO THAT end, medical students from the University of Heidelberg have been paid to explain the anatomical ideas behind exhibits that often seem bizarre at first glance.

The Runner, for example, shocks many visitors, because the muscles look as if they have been stylized into some form of modern sculpture. But tour guides on hand say the real purpose is to let people see the many different layers of muscle.

"If you just look at the surface, you would see only the outer muscles," said Jens Kubitz, one of the students. "Here, you can see the lower muscles as well, the ones that help us keep our balance and work for us all the time without even realizing it."

By any measure, some of the exhibits are shocking. On one female corpse, the stomach and womb have been slashed open to reveal a five-month-old fetus. In a glass case at the center of the room, visitors encounter a row of plastinated infant corpses.

All the adult bodies that appear in the exhibit were donated by volunteers who knew what they would be used for, and the donors' identities have been protected. He does not accept the bodies of infants. Dr. von Hagens said that the infants he plastinated for the exhibit were acquired from hospitals and medical schools.

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Turkish-Israeli Exercise Makes Waves

The Associated Press

ABOARD THE TURKISH WARSHIP TCG YAVUZ — In choppy winter seas and under cloudy skies, Turkish, Israeli and U.S. ships held their first joint maneuver Wednesday — a naval exercise that has brought angry protests from Iran and Arab states.

Officials of all three countries have been at pains to stress that the Reliant Mermaid exercise — involving five ships and over 1,000 sailors — is only to practice search and rescue operations.

The exercise comes in the context of a growing Turkish-Israeli military relationship that radical regimes in the region — Iran, Syria and Iraq — believe is aimed at them.

Admiral Hussein Khassawneh of the

Royal Jordanian Navy, who attended as an observer, said there was no threat to other Arab countries. "It is a pure search and rescue operation," he said, standing on the bridge of the 3,000-ton frigate Yavuz.

Colonel Husnu Dag, a representative of the Turkish general staff, said the maneuver was necessary because dense sea traffic in the eastern Mediterranean "creates the need to respond to civilian emergencies."

Reliant Mermaid will "promote peace and stability in the region," he said.

Five Turkish, Israeli and American warships took part in the four-hour exercise, along with naval reconnaissance aircraft and helicopters.

The ships sailed to a rendezvous off

the Israeli coast where they received "distress signals" from yachts with life-size dolls aboard representing people.

The mannequins were then rescued by frogmen from the three countries.

Rear Admiral Yehuda Yairi, deputy commander of the Israeli Navy, said that a naval exercise was planned "with Greece this year," and that he hoped to practice search and rescue techniques with Tunisia, Morocco and other Mediterranean nations in the future.

But Syria was sharply critical of the maneuvers Wednesday, and Saddam Hussein's regime said in a threatening editorial in the Babil newspaper that Iraq had the military might to "instill horror in the hearts" of Turkey, Israel and the United States.

He said CBS had ignored allegations of Israeli involvement in the monopolies.

"CBS had a privilege of unrestricted access that other networks did not have, of unrestricted access to Palestinian leaders and the areas we govern," Mr. Abu Sharif said. He said CBS's former privileges could be restored, but only by Mr. Arafat.

On Monday, Mr. Abu Sharif, an adviser to the Palestinian leader, Yasser Arafat, had accused "60 Minutes" of being unfair in a Dec. 17 program that referred to Palestinian involvement in corrupt monopolies controlling the sale of some consumer goods in the West Bank and Gaza

and Jerusalem.

An article Tuesday incorrectly characterized the conviction of the French television personality Patrick Poivre D'Arvor. He was found guilty of accepting gifts but not cash.

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WEEKEND SKI REPORT

Resort	Depth L U	Mts. Pistes	Res. State	Last Snow	Comments
Solden	25 70	Good	Open	Ver 31/2	good sailing on most open
Austria					
Kitzbühel	30 80	Good	Open	Pedr 8/1	at 8000', good sailing overall
Lech	80 100	Good	Open	Pedr 8/1	8000' above 10000', good sailing overall
Mittersill	0 70	Good	Closed	8/1	3100' above 10000', from 8000' up to 10000'
Oberjoch	100 170	Good	Open	Pedr 7/1	at 10000', 3000' above 10000'
St. Anton	35 240	Good	Open	Pedr 8/1	at 10000', good sailing overall
Croatia					
Lake Louise	70 100	Good	Open	Pedr 8/1	very good sailing, well prepared
Whistler	50 180	Good	Open	Pedr 8/1	very good sailing, very good sailing
France					
Alpe d'Huez	70 140	Good	Open	Pedr 8/1	lots of fresh snow, good sailing
Les Arcs	90 180	Good	Open	Pedr 8/1	very good sailing, best above 10000'
Chamonix	30 185	Good	Open	Pedr 8/1	good sailing on fresh snow
Courchevel	70 180	Good	Open	Pedr 8/1	new snow, lots of new areas open
Les Diablerets	50 180	Fair	Open	Pedr 8/1	new snow, improved conditions
Megève	50 180	Fair	Open	Pedr 8/1	new snow, improved conditions
Méribel	70 180	Fair	Open	Pedr 8/1	new snow, improved sailing
La Plagne	105 210	Good	Open	Pedr 8/1	very good sailing, new snow
St. Gervais	40 90	Fair	Closed	Pedr 8/1	6000' up to 10000', new snow
Serra Chevalier	80 235	Good	Open	Pedr 8/1	generally excellent sailing
Tignes	100 180	Good	Open	Pedr 8/1	generally excellent sailing
Val Thorens	100 170	Good	Open	Pedr 8/1	very good sailing on new snow
Germany					
Garmisch	5 180	Good	Closed	Pedr 8/1	good sailing on multiple slopes
Italy					
Alta Badia	30 100	Good	Open	Pedr 8/1	Fully open, good sailing

Resort	Depth L U	Mts. Pistes	Res. State	Last Snow	Comments
Shanklin	85 100	Good	Open	Pedr 8/1	poor sailing, 2000' above open
Corrie, Montane	70 200	Good	Open	Pedr 8/1	on upper areas, lower dry
Cortina	25 70	Good	Closed	Pedr 8/1	fully open; good sailing, new snow
Courmayeur	25 70	Good	Closed	Pedr 8/1	2500' up to 10000', upper slopes ok
Livigno	70 140	Good	Open	Pedr 8/1	8000' up to 10000', good sailing
Selva	50 120	Good	Open	Pedr 8/1	all its open
Switzerland					
Gstaad	35 75	Good	Open	Pedr 8/1	good sailing on fresh zone
Crans-Montana	85 100	Good	Open	Pedr 8/1	on upper areas, lower dry
Davos	55 120	Good	Open	Pedr 8/1	fully open; good sailing, new snow
Grindelwald	80 120	Good	Closed	Pedr 8/1	2000' up to 10000', upper slopes ok
Klosters	30 120	Good	Open	Pedr 8/1	good sailing in some places
Mürren	20 80	Fair	Open	Pedr 8/1	good sailing, more open later
Verbier	15 160	Good	Open	Pedr 8/1	good sailing, more open later
Wangen	10 80	Fair	Open	Pedr 8/1	some good sailing, a bit patchy
Zermatt	170	Good	Open	Pedr 8/1	good sailing, upper areas
U.S.					
Aspen	75 85	Good	Open	Pedr 8/1	71/77 trails and all 8000' open
Steamboat Springs	85 95	Good	Open	Pedr 8/1	75/78 trails open and 2021 lbs
Crested Butte	65 85	Good	Open	Pedr 8/1	75/7

's Wonders

Nichols Escapes Death Sentence in Bombing

Compiled by Our Staff From Dispatches

DENVER — Terry Nichols, convicted of conspiracy in the worst terrorist attack ever carried out on U.S. soil, escaped the death penalty for the Oklahoma City bombing after the jury failed to agree Wednesday on a sentence.

The judge dismissed the jury and will decide the penalty himself. Under federal law, a death sentence can be imposed only by a jury. U.S. District Court Judge Richard Matsch gave attorneys until Feb. 9 to file motions regarding the sentencing, but set no date for it.

"We're pleased," said Michael Tigar, a defense attorney. Others were seriously disappointed.

"It's a sad day in America today. We let our people down," a sobbing Darlene Welch said at a federal center in Oklahoma City, where victims could watch the Denver trial by closed-circuit

television. "I think we have a serious problem with our justice system that a man can kill 168 people and still live."

Ms. Welch's 4-year-old niece, Ashley Eckles, was killed in the April 19, 1995, bombing. Mr. Nichols's former army buddy, Timothy McVeigh, was given a death sentence by a jury after he was convicted in June of murder, conspiracy and use of a truck bomb.

Mr. Nichols was convicted Dec. 23 of conspiracy and eight counts of involuntary manslaughter for the bombing. He was acquitted of first-degree murder and use of a truck bomb.

He could still wind up on death row. Oklahoma prosecutors have promised to press for a death sentence when they bring him to trial on state charges.

The federal jury had three options: a death sentence, prison for life without parole, or sending the case to the judge. Late Tuesday, at the end of the second

day of deliberations, it was clear to court observers that the jurors had grown weary. At least two wiped away tears as they listened to the judge.

Judge Matsch told the jurors that they had done their job.

"I do not want you to feel that you have in any way failed to meet your responsibility," he said.

Mr. Nichols sat expressionless, but smiled and hugged his co-counsel after the jury left the room.

"I guess that's what we hoped and prayed for," said Mr. Nichols's sister, Suzanne McDonnell.

Mr. Nichols, 42, had an alibi for the day of the attack. But evidence showed he had robbed a gun collector to finance the plot, stole and hid ingredients for the two-ton bomb and helped Mr. McVeigh hide a getaway car in Oklahoma City.

Mr. McVeigh drove to Oklahoma City and set off the truck bomb in front

of the Alfred P. Murrah federal office building. Mr. Nichols was at home in Herington, Kansas, at the time.

Judge Matsch had promised earlier that he would issue a penalty of less than life in prison if jurors put the decision in his hands. But analysts said they expected a sentence of so many years in prison that Mr. Nichols would never go free.

The lead prosecutor, Larry Mackey, said he understood "how difficult it must have been" for the jurors, although "the victims are disappointed."

Jim Denny, whose children Brandon and Rebecca were injured in the bombing, sympathized with the jurors.

"I mean I really think that the 12 jurors became victims in this. They saw things that we saw that day and probably more than we saw. I really feel for them. I think they made the right choice in letting the judge handle it."

(AP, AFP, Reuters)

Scientist Says He's Ready to Clone a Human Being

By Rick Weiss
Washington Post Service

WASHINGTON — A Chicago scientist says he has assembled a team of doctors that is prepared to clone a human being sometime before Congress bans the procedure, and that eight people have already volunteered to be cloned.

The scientist, G. Richard Seed, is a physicist who has been involved in various kinds of fertility research since the

early 1970s. Several people familiar with Mr. Seed said he is known for his eccentric views and doubted he would follow through with his plan. But others said Mr. Seed has the technical and entrepreneurial expertise — and philosophical commitment to radical science — to accomplish the rest.

"Richard is a brilliant man," said Harriet Hasson, chairman of obstetrics and gynecology at the University of Chicago's Weiss Memorial Hospital, who has worked with Mr. Seed. "He is

a little crazy, but we all have to be a little crazy to get to that level."

If anyone can make human cloning happen, he added, "it would be someone like Richard Seed."

Mr. Seed appears to be the first scientist to state plainly that he has both the means and the intention to clone a human being. The aim would be to aid infertile couples. In an interview, Mr. Seed said his preparations were "90 percent complete" and that four infertile volunteer couples had been selected.

Prospector Spacecraft Heading for the Moon

The Associated Press

CAPE CANAVERAL, Florida — A little drumlike spacecraft called Prospector hurtled toward the moon on Wednesday, its task to search for water, minerals and gases during NASA's first lunar mission in 25 years.

"It certainly feels good to be going back," said Joseph Boyce, a scientist working on the unmanned mission, after the flawless launching Tuesday night. "I couldn't be more excited, more happy, more pleased."

The National Aeronautics and

Space Administration last explored the moon in December 1972 with Apollo 17.

The Prospector, due to arrive at the moon Sunday, carries five instruments that will search from lunar orbit for evidence of frozen water at the shadowy poles, as well as for minerals and gases. Such resources, especially water, could be used by human settlers.

The 4-foot (1.2-meter), 650-pound (292-kilogram) spacecraft also contains an ounce (28 grams) of the ashes of Eugene Shoemaker, a planetary sci-

entist who trained the Apollo astronauts in lunar geology in the 1960s and early 1970s and yearned to fly to the moon. He died in a car accident in July during an Australian research trip.

A half-moon gleamed in the sky as the Athena rocket blasted off at 9:28 P.M. on Tuesday, a day late. A launching attempt Monday was foiled by trouble with radar needed to track the rocket. An hour into the flight, a motor fired, propelling Prospector out of low-Earth orbit and toward the moon 240,000 miles (384,000 kilometers) away.

Smithsonian Drops Sponsor on Israel

By Jacqueline Trescott
Washington Post Service

viewed as a concession to congressional critics and the angry public.

In a letter to Mr. Forbes, Mr. Heyman assured the congressman that the Smithsonian had taken charge of the commemoration, that it had dropped its co-sponsor and would ensure that all sides were represented on the program.

The complaints over the program

and "pull-together" a program as comprised as this."

Norman Rosenberg, the executive director of the New Israel Fund, said he was not angry at the Smithsonian but wished it had taken the time to examine the sources of the criticism.

"It was driven by right-wing extremists who wish to stifle any open com-

mentary about Israel," said Mr. Rosenberg. His organization had selected some of the speakers for the still-evolving program with the museum's blessing, but the fund's critics had depicted its choices as pushing a "left-wing" agenda. The New Israel Fund was ready

to pay between \$15,000 and \$20,000 of the program's expenses.

The "Israel at 50" lecture series is still planned for late spring or early summer. Mr. Heyman wrote Mr. Forbes that "it is our intention to highlight Israel's achievements" to consider some of the key issues it faces, and to examine its hopes for the years ahead.

In a letter sent to Mr. Heyman last week, Mr. Forbes said he was "shocked and disappointed" when he saw a notice of the program. He said it was stacked with speakers who are "the most severe and one-sided critics of Israel."

The controversy reflects a continuing

dispute among American Jews about how much criticism of Israeli policy and the Israeli government is acceptable.

The Smithsonian has repeatedly said

that sponsors do not dictate the language of the labels in museum exhibitions or have any other direct say on content.

But David Umansky, the Smithsonian director of communications, said

Tuesday, "We were naive to think we

could go forward with just one group

again showed the land mines involved when institutions such as the Smithsonian solicit sponsors. The practice is increasingly common, and the trend has touched off soul-searching at the 151-year-old national museum complex. As the number of partnerships has grown, so has the scrutiny of Smithsonian policy. The clothing industry lodged immediate complaints about the involvement of labor unions in a still-planned look at sweatshops. Environmental groups objected when Alyeska, the company that built the Alaska pipeline, sponsored an exhibit on the pipeline at the Museum of American History.

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ASIA/PACIFIC

Vietnam Turns Execution of 3 for Corruption Into Spectacle

Reuters

HANOI — Three former businessmen convicted of corruption were executed Wednesday by the Vietnamese government in front of thousands of witnesses on the outskirts of Ho Chi Minh City.

Among the crowd at the execution were relatives and former staff of the now bankrupt Tamexco company whose name is now synonymous in Vietnam with the word "corruption."

Officials confirmed only that the death sentence had been carried out. But prison officials and members of the crowd detailed the macabre close of the latest chapter in the scandal.

The flamboyant former Tamexco director, Pham Huu Phuoc, Tran Quang Vinh and Le Duc Canh were sentenced to death last January at the end of one of the biggest trials in Vietnam's recent history.

At dawn on Wednesday they were awakened in their cells at Ho Chi Minh City's Chi Hoa Prison and led to a room where the final decision to proceed with the execution was read to them.

A prison source said they were offered cigarettes, a chance to write final letters and a last meal of steamed buns, chicken and a soft drink.

All three declined the food. Mr. Canh took a cigarette. Mr. Vinh was the only one of the three to write a final note — to his wife and children.

The men were then blindfolded, and following common practice for condemned men in Vietnam, gagged with lemon in their mouths en route to the execution ground.

Shortly before 7 A.M. they arrived at the site — a shabby field in Thu Duc district, on the outskirts of the city — where they were tied to posts.

Onlookers, who had begun gathering hours earlier, said Mr. Phuoc appeared to faint as three five-man firing squads prepared. But in the final moments a woman in the crowd called out his name, and he responded in brief acknowledgement.

Menenens later he and the others were shot to death. A commanding officer finished the process with the traditional pistol shot to their heads. The bodies were covered in bamboo mats and interred in simple coffins in shallow graves at the site.

From high-flying success to his downfall, Mr. Phuoc had been one of the most prominent business men in Vietnam. As head of Tamexco — a Ho Chi Minh City trading firm — he was associated with leading figures throughout the country's business community and political establishment.

Newspaper reports detailed last year how he had squandered millions of dollars in state assets. He bought a luxury villa for a girlfriend and friended away thousands on card games.

But analysts said his demise, and that of the company around him, became a showcase for Hanoi's resolve to stamp out corruption, which has grown out of control in the wake of free-market reforms introduced in the late 1980s.

A fourth man, Le Minh Hai, was originally condemned to death alongside the three, but his sentence was commuted on the ground that his family had contributed to the Communist victory in the Vietnam War. Sixteen other persons received a range of sentences at the trial from suspended prison terms to life in jail. Other senior officials, including a former deputy central bank governor, were implicated.

Seoul 'Hoping' To Help North

Agence France-Presse

SEOUL — South Korea indicated Wednesday it would respond positively to the latest international appeal for food aid for North Korea even though it desperately needs foreign exchange.

"We need U.S. dollars desperately, and North Korea knows that. But we are hoping to respond positively to this call for aid on humanitarian grounds," a government source said, adding, "Just because we are in difficulty, we can't ignore our obligations to the international community."

South Korea's contribution last year totaled about \$27.4 million. But this year, government officials predict the figure will rise to about \$40 million, because the World Food Program is appealing for \$378.2 million in aid, nearly double the amount requested for 1997.

A Foreign Ministry official said the issue of food aid would have some impact on the peace talks between the two Koreas, the United States and China.

"There is no direct link between the two issues, but we can't deny the fact that our reaction will have some impact on the coming four-party talks," the official said.

Gandhi to Start Election Campaign

NEW DELHI — Sonia Gandhi will start her election campaign for the Congress (I) Party from the southern Indian town where her husband was assassinated in 1991, a senior leader of the party said Wednesday.

The official, Ghulam Nabi Azad, said Mrs. Gandhi would begin her campaign Sunday in Sripuramdu, where Rajiv Gandhi was killed by a suicide bomber during an election meeting.

Mrs. Gandhi joined the Congress Party, once dominated by the Nehru-Gandhi political dynasty, in May. She has yet to make a public speech, but is expected to inject much-needed charisma into the lackluster line-up of Congress leaders.

Mrs. Gandhi, 51, agreed last week to campaign for a Congress victory in the general elections beginning mid-February, boosting morale in a party that is trailing the Hindu nationalist Bharatiya Janata Party in opinion polls. (Reuters)

Hong Kong to Raise Chicken Payments

HONG KONG — Hong Kong agreed to increase compensation Wednesday for chickens slaughtered in the battle against avian flu.

Dozens of farm owners and poultry workers camped outside government buildings overnight to press for more money after 1.3 million chickens and other poultry were killed last week.

The package should be approved by lawmakers Friday.

On Monday, the government had proposed a 100 million Hong Kong dollar (\$12.9 million) compensation package, which would give farmers from 16 to 36 dollars for every chicken killed. (Reuters)

Opposition Reports Taliban Massacres

ISLAMABAD, Pakistan — Soldiers killed at least 600 civilians, lining people up and shooting them, during a two-day massacre in northwestern Afghanistan, opponents of the Taliban regime said Wednesday.

The claims of a massacre that took place 400 kilometers (250 miles) northwest of Kabul last Thursday and Friday were made by Subgullah Zaki, an opposition spokesman based in Pakistan, in a letter to Kofi Annan, secretary-general of the United Nations.

The claims were impossible to confirm because of the remoteness of the region, which has been the scene of heavy fighting lately between the Taliban and its northern enemies.

UN officials in Islamabad, however, said they had received security reports suggesting mass killings followed by an exodus of civilians. (AP)

Envoy in Cambodia Is Seen as Target

PHNOM PENH — A grenade placed near the home of a military attaché to the Vietnamese Embassy here was found Wednesday morning, the police said.

Police officials called the incident a possible act of terrorism linked to Cambodia's national holiday Wednesday, which marks the anniversary of the 1979 overthrow of the Khmer Rouge regime by Vietnamese forces.

The grenade was destroyed, the police chief said, and no one was hurt. (Reuters)

JAKARTA: Officials Fear Budget Could Sink Rescue Plan

Continued from Page 1

volatile local market, many are now speculating that the fixed exchange rate may be the next casualty.

"As a lot of regional currencies depreciate, it makes the Hong Kong dollar look very expensive," said Patrick Chia, a researcher at China Everbright Securities Ltd. "I think the competitiveness of Hong Kong is definitely going to be affected."

While the government has pledged to maintain the fixed exchange rate, analysts said they saw few alternatives to a continued battering of the stock market, soaring interest rates and an eventual recession that could see property prices crashing, companies going bust and more people thrown out of work. The government drove the overnight borrowing rate up to 300 percent in a move to ward off speculators.

"I think it's a chain effect," a broker said. "If they want to hold the Hong Kong dollar at the current level, the stock market and the property market will continue to fall."

And the manager of a Hong Kong-based mutual fund said: "Nobody's buy-

ing property, nobody's buying stocks. People are selling property and stocks."

The cost of a bra in Hong Kong is one-tenth the cost of a bra in Thailand, he continued. "Hong Kong has just got to adjust. It's probably the most expensive property market in the world, and it's sitting in a region that has become comparatively cheaper. The probability is there will have to be a recession, unless an adjustment in prices comes very quickly."

He predicted, "We'll probably have a bankruptcy or two in the next few weeks."

Analysts were at a loss to explain why by the regional collapse showed no sign of abating this week, or to predict with any certainty how far down local stock and currency values might plunge before regaining any sort of footing.

The main problem now, they agreed, was that local investors from Jakarta to Bangkok to Kuala Lumpur had lost confidence in their own economies and were driving down the value of their own currencies by frantically fleeing to U.S. dollars to pay their dollar debts, or

just as a protective hedge against further devaluations.

That assessment appeared to contradict the claims of Prime Minister Mahathir Mohamad of Malaysia, among others, that outside currency speculators are responsible for the turmoil.

"As far as Southeast Asia is concerned," said an analyst in Singapore who follows the region, "I think the problem right now is not the confidence of foreign investors in these markets, but the local investors themselves. Local investors are looking for safer havens. If you were in Indonesian rupiah or Malaysian ringgit, maybe it's better to park your funds in a currency that's not going down so quickly."

He added, "Most foreign investors, if they wanted to sell these markets, have already done so." And, he said, "local conglomerates and local companies are

now selling down their own currencies. That makes it much more difficult to predict a bottom to this thing."

Simon Ong, chief economist for Asia at SBC Warburg Dillon Read, said the U.S. dollar in the region now has become "like a bag of rice in a famine," with a value far beyond its real worth.

"You want to see who the biggest speculators are," he said, "it's the local companies."

The circumstances of the turmoil vary. In Thailand, the main problem seems to be a recognition that a bailout package by the International Monetary Fund will be inadequate to address the country's crisis. In Indonesia, the problem is mainly the fear that local companies and banks will not be able to pay their short-term foreign debts, which have ballooned dramatically with the rupiah's plunge.

Government sources stressed that a decision was far from being made, but the senior IMF official said, "It will be a key moment for all of us — not just the Indonesians, but for all of us trying to think through how to deal with this situation successfully."

Analysts said the budget unveiled Tuesday by Mr. Suharto made a suspension of IMF assistance much more likely, because Jakarta was failing to fulfill promises to run a budget surplus and was balking at cutting spending on politically popular items that the IMF views as inefficient, such as gasoline subsidies. "The next step will probably be the IMF freezing the forwarding of

funds to Indonesia, pending a revision of the budget," said David Durnan, a senior currency strategist at IDEAS, a New York-based economic consultancy.

That will create a lot more concern within the Asian region, which is exactly what the Asian region doesn't need at this time."

Officials from the IMF and Washington are anxious to restore stability in Indonesia, partly because of the impact an economic collapse there would have on the economies of its neighbors, and partly because the giant, multi-racial archipelago has a history of bloody conflict between the Muslim majority and the small ethnic Chinese minority that controls the bulk of the wealth.

David Hale, an economist at Zurich Kemper Investments in Chicago, said, "Indonesia could move from a financial crisis to a political crisis to an ethnic pogrom."

"This thing is still very serious," he added.

A collapse of the Indonesian rescue would not necessarily raise the risks of an international financial crisis —

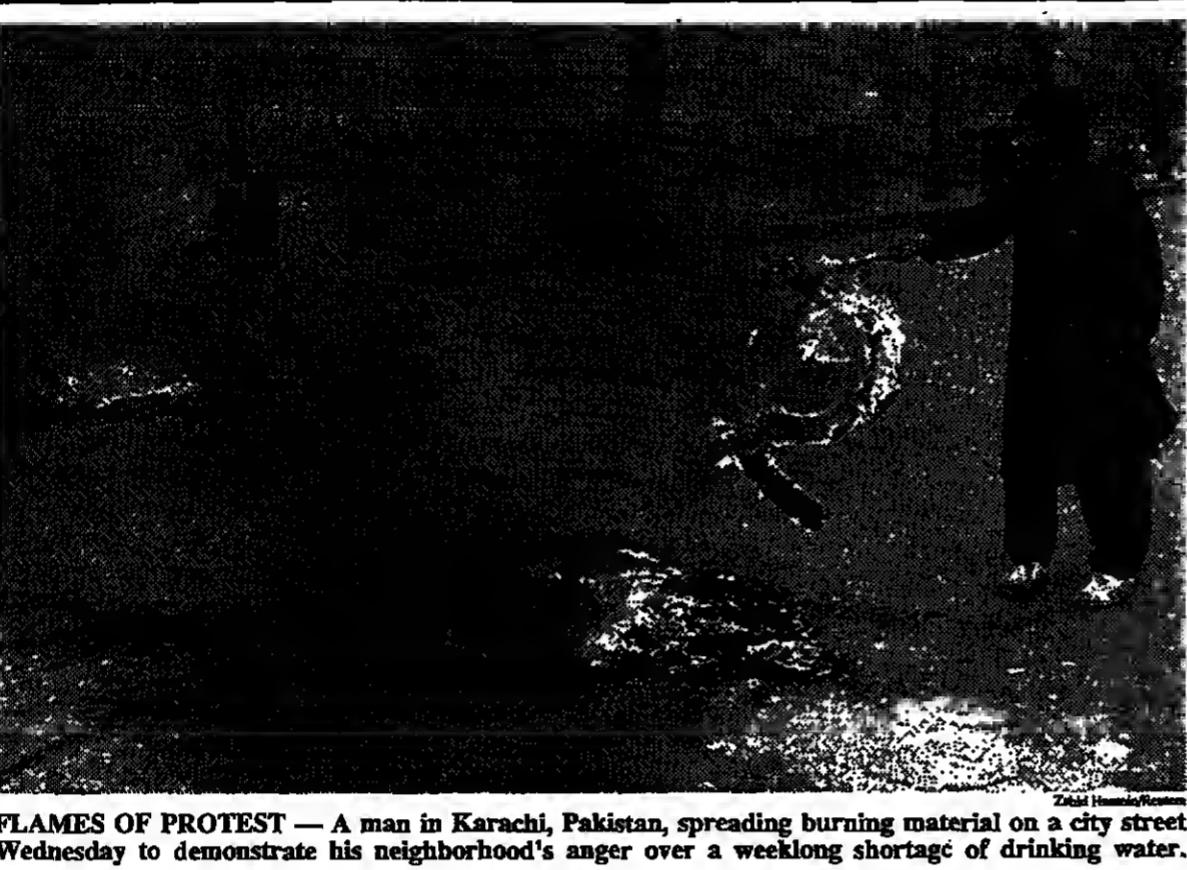
something that officials from the IMF and the White House have feared in the case of South Korea.

The worry in Korea has been that the country would run out of the U.S. dollars, Japanese yen and other currencies it needs to pay its short-term debts to foreigners. Because those debts are owed mainly by large Korean banks, the danger is that a default would cause a run on the nation's banking system that would spread to creditor banks abroad.

Indonesia holds substantial currency reserves, according to IMF officials, and much of the \$60 billion that it owes to major foreign financial institutions is owed by private conglomerates and companies rather than banks. Many firms have reportedly gone into virtual default to foreign creditors because as the rupiah tumbles, they become less able to pay debts owed in dollars. But pursuing bankruptcy claims in the nation's courts is notoriously difficult, so many lenders have refrained from pressing the matter. One of the factors driving the rupiah lower in recent days has been concern about Mr. Suharto's health and the prospect that a succession battle could trigger civil strife.

Whatever the reason, analysts broadly agreed that currencies were falling in Southeast Asia because local citizens and businesses are trading in local currencies for desperately needed dollars.

"In most of these countries, it's domestic hedging and hoarding of dollars by corporations and residents," said Daniel Lian, an analyst with ANZ Investment Bank in Singapore.



FLAMES OF PROTEST — A man in Karachi, Pakistan, spreading burning material on a city street Wednesday to demonstrate his neighborhood's anger over a weeklong shortage of drinking water.

Drought in Papua New Guinea Getting Worse

Reuters

POR MORESBY, Papua New Guinea — More than one million people are in urgent need of food and water as the drought in Papua New Guinea continues to intensify, officials said Wednesday.

Port Moresby residents faced water and power rationing and deliveries of emergency food supplies were halted in one region after an aid truck was looted, Papua New Guinean and Australian officials said.

Simon Kaumi, the provincial and local government affairs minister who is also responsible for disaster management, said that 1.2 million people were "critically affected" and urgently needed food and water supplies.

The Australian aid agency AusAID, which will release an official drought report on Thursday, said the drought had hit one in four of the impoverished South Pacific nation's 4.3 million people.

Mr. Kaumi said he had decided to take control of about the equivalent of \$20 million in aid money away from the Department of Finance so it could be ad-

ministered by his own department. "The urgency is such that we cannot have red tape bungling," he said.

The aid money comprises \$14 million pledged in September by the Papua New Guinea government to 19 of the country's 20 provinces, \$2.8 million from Australia and other foreign donations.

Mr. Kaumi said he would also seek another \$6.9 million from the Papua New Guinea government for drought relief.

Government health officials said five people had died from typhoid in Kokoda, about 100 kilometers (60 miles) northeast of Port Moresby, bringing the death toll to at least 75. At least 82 people in Kokoda were suffering from typhoid, which broke out over Christmas, the officials said.

Papua New Guinea said last month that health centers throughout the country had confirmed at least 70 people had died, mainly from water-borne diseases such as diarrhea and dysentery.

Officials said Wednesday that Port Moresby's 400,000

residents faced power and water shortages, with water levels in the city's main reservoir down to 70 million cubic centimeters from 230 million last January.

The PNG Electricity Commission said blackouts of up to 11 hours would be introduced immediately throughout the city. "The situation is going to get even worse," a commission spokesman said.

At Enga, in the rugged Highlands region, a truck carrying 50 tons of rice and supplies was looted on Monday by hungry villagers.

"Until the government does something or the people agree to stop, we can't continue deliveries," a spokesman for the aid suppliers said.

Kathy Sullivan, Australia's parliamentary secretary for foreign affairs, said the latest AusAID report was consistent with predictions made in September that up to 140,000 lives were at risk if there was no significant rain by November.

"It is a dire situation and has been for some time," she said in a radio interview.

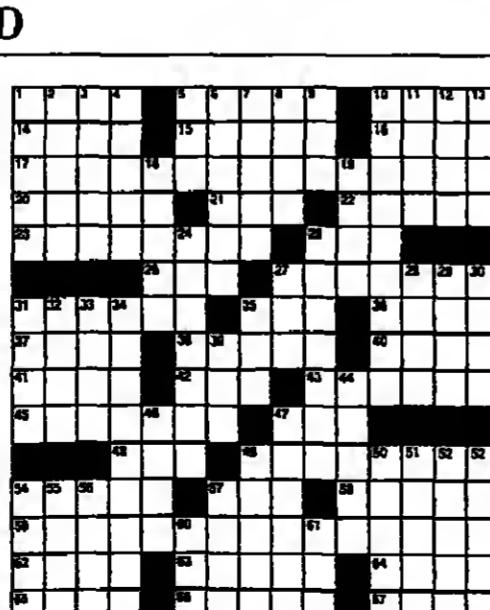
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THE WORLD'S DAILY NEWSPAPER

Slowdown Sets
Visit to U.S.
Prison to See
Protestants

tacle

BRIEFLY

Gandhi to Start
Election Campaign

Mowlam Sets Visit to Ulster Prison to See Protestants

Reuters

LONDON — The British secretary for Northern Ireland, Marjorie (Mo) Mowlam, agreed Wednesday to visit hard-line Protestant prisoners in the Maze prison outside Belfast in an attempt to keep the province's shaky peace process intact.

Gary McMichael, leader of the political arm of two outlawed "loyalist" guerrilla groups, said Ms. Mowlam had told him during a meeting in London that she would go to the Maze on Friday.

There was no immediate comment from Ms. Mowlam.

The meeting was the latest in a series Ms. Mowlam has held this week with leading politicians in a desperate bid to prevent the collapse of multiparty peace talks designed to end 30 years of sectarian strife.

Tension has been high since members of a Roman Catholic splinter group, the Irish National Liberation Army, murdered Billy Wright, leader of the Loyalist Volunteer Force, inside the Maze high-security prison Dec. 27. Since then, Protestant gunmen have murdered two Catholics in revenge killings.

Underscoring the fragility of the peace, British forces on Wednesday defused a 500-pound (230-kilogram) bomb in Banbridge, south of Belfast, after a radio station in the neighboring Irish republic received a telephoned warning.

"The first thing we have to welcome is the fact that the secretary of state has decided to meet with the prisoners," Mr. McMichael said. "I think that is a significant step."

The prisoners are members of two pro-British terrorist groups, the Ulster Freedom Fighters and the Ulster Defense Association. Mr. McMichael's Ulster Democratic Party is the political wing of the two groups, which are banned.

Mr. McMichael added, however, that his party's presence at the resumption of round-table peace talks in Belfast on Monday could not be taken for granted.

"There is a lack of confidence in the talks process and with the attitude of the government that may put our presence on Monday in serious jeopardy," he said.

Loyalist prisoners in the Maze have withdrawn their backing for the talks, accusing the government of making too many concessions to the Catholic side.

No group claimed responsibility for the Banbridge bomb, but the province's chief pro-British Protestant leader, David Trimble, blamed Catholic militants who oppose British rule.

"It is perfectly obvious that this bomb is from a republican source," Mr. Trimble, head of the Ulster Unionist Party, told BBC radio.

Mr. Trimble said the failed attack was a bid to increase instability after a surge in violence by pro-British and pro-Irish factions opposed to current peace moves.

Meanwhile, Foreign Minister David Andrews of Ireland met with the Progressive Unionist Party, the political arm of the Ulster Volunteer Force, a guerrilla group. He said early progress in the talks next week would help repair the damage from the upsurge in violence.

■ U.S. Envoy to Press for Peace

Kevin Cullen of the Boston Globe reported from Dublin:

George Mitchell, the former U.S. senator who will sponsor the talks in Belfast next week and who will be expected to try to rescue a damaged peace process, has watched the deteriorating situation from afar with growing dismay.

"It has made clear to people how real the possibility of going back to violence is if this process fails," Mr. Mitchell said in his first interview since the crisis was precipitated Dec. 27 by Mr. Wright's murder. He added, "It seems to me the political leaders of Northern Ireland and the people should decide their futures — not a handful of men on the outside who are determined to wreck the process."

Mr. Mitchell said the recent upsurge in violence was a wake-up call for the British and Irish governments,



Post McMichael/The Associated Press
A British soldier patrolling in Anderstown, western Belfast, on Wednesday, where tension was growing after recent attacks in Catholic areas.

Italian Farmers in Uproar Over 'Milk Fine' Subsidies

Tractors to Invade Rome Over Plan to Shift Costs

By John Tagliabue
New York Times Service

ROME — They are called "milk fines," and for more than a decade these penalties have been paid by Italian governments to the European Union to allow Rome to subsidize Italy's unprofitable dairy industry.

The payments have become a symbol of Italy's insistence on maintaining costly farm production and jobs at consumers' expense.

But this week more than 450 farmers across Italy blocked roads with tractors to protest a government plan to shift the cost to the farmers.

"This game of the milk fines has to be ended," said Vilmare Giacomazzi, an organizer of demonstrations held Tuesday in Rome. An invasion of Rome by thousands of tractors is planned for Sunday.

Temper began heating up in November when the government yielded to a demand by the European Union that Rome stop paying the fines out of the government budget and get the money from the farmers instead. The fines are crucial if he is to persuade Europe that his efforts to repair Italy's chronically sick accounts are not akin to last-minute fattenning of the cow for sale.

"We've got to be serious," said Italy's agriculture minister, Michele Pinto, "because our credibility in Europe is at stake."

To defuse tempers, Mr. Prodi offered in November to reimburse farmers up to 80 percent of the amount of the fines. The farmers argue that his government got the Italian quotas wrong in the first place, that it was thus the government's fault that too much milk was produced, and that therefore the government should pay. Mr. Prodi's offer came after battles in which the police sprayed farmers with tear gas, and the farmers in response sprayed the police with liquid manure.

Defenders of subsidies argue that Italy depends on farming for 3 percent of its gross domestic product and 1.4 million jobs. (The United States, with five times the Italian population, has 3.5 million employed in farming, forestry and fishing.) But more and more, as world food prices stagnate, supporters have argued that closing farms would create enormous social dislocation and ecological damage to untended land.

Italy's farm sector is badly in need of overhaul. The average Italian farm measures just 14 acres (5.6 hectares), next to a European average of nearly 35.

BRIEFLY

U.K. Targets Drunken Drivers

LONDON — British police said on Wednesday they were lobbying the government for greater powers to target a hard core of drunken drivers.

Paul Manning, a senior officer of London's Metropolitan Police, said police want the authority to monitor the homes and drinking places of persistent offenders.

They also want general legal powers to stop those suspected of being over the legal drinking limit. Under current laws, police must have a reason to stop motorists to conduct breath tests.

"Despite all the publicity and education, people are still prepared to go out and put their lives and the lives of others at risk," Mr. Manning said at a press conference. (Reuters)

Paper Warns of ETA Power

MADRID — The Basque separatist group ETA has the power to commit major attacks either in Spain or France, a Spanish daily reported Wednesday.

Confidential documents of the Civil Guard showed that ETA had "the experience and the necessary skills to carry out terrorist attacks, including those of great importance, such as assassination attempts on King Juan Carlos or Prime Minister Jose Maria Aznar," the Madrid daily *El Mundo* said, citing unidentified anti-terrorist sources.

ETA has killed nearly 800 people, mostly Spanish security force members, since it began fighting in 1968 for the independence of Spain's three Basque provinces. (AP)

Social Democrats on a possible compromise. "It is now up to voters to make the decision about the tax reform on Sept. 27," when Mr. Kohl will stand for a record fifth term in parliamentary elections, a spokesman said.

Deadlock over tax reform marked German politics last year and has spilled over into this year's election campaign. The Social Democrats, who used their upper-house majority to kill Mr. Kohl's tax cut in Parliament last fall, urged the government Tuesday to declare whether it was ready to negotiate a compromise.

But the spokesman said the government was sticking to its plan for a "sharp and balanced lowering" of all individual and corporate taxes. (AP)

Czech Far-Rightist Is Detained

PRAGUE — The head of the far-right Czech Republican Party, Miroslav Sládek, has been detained in connection with allegations of incitement to racial hatred, the CTK press agency reported Wednesday.

Mr. Sládek, 47, was placed in custody Wednesday after being picked up as he left Parliament on Tuesday, the agency said. His parliamentary immunity was lifted in February.

His detention stemmed from an incident Jan. 21 when he set fire to a German flag as Germany and the Czech Republic signed a declaration of reconciliation. (AFP)

Trial Date Set in Gucci Slaying

MILAN — Maurizio Gucci's former wife and four others were ordered Wednesday to stand trial in the spring for 1995 murder of the fashion sion.

A lawyer for Patrizia Reggiani Martinelli, Mr. Gucci's former wife, said a judge set the starting date for April 16. Mr. Gucci, the 46-year-old grandson of the founder of the famous fashion company, was shot as he walked inside his office building in central Milan on March 27, 1995. (AP)

EUROPE

EU Defends Open-Borders Policy

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission on Wednesday defended the open-borders policy among nine European Union members, saying the so-called Schengen accord would not in itself cause an influx of Kurdish refugees to spread throughout the 15-nation bloc.

But the EU's executive said that unless the Union acted in harmony on asylum and immigration matters "weaknesses and difficulties" would arise in controlling refugee flows.

"The commission stresses that Schengen is not a sieve," a spokesman said after the executive discussed the arrival of Kurdish refugees in Italy, which had said it would welcome them with "open arms."

"Schengen is the achievement of free movement, but flanked by efficient measures to control illegality and criminality," the spokesman said. He added, "Without minimizing the general problem, we do not have to exaggerate the problem that is posed."

Germany tightened border controls this week after accusing Italy and Greece of failing to block the passage of Kurdish refugees.

The tide of would-be immigrants into Western Europe has risen dramatically in recent years as the disparity in living standards between the rich northern democracies and their impoverished neighbors along the Mediterranean rim has grown.

Prime Minister Mesut Yilmaz was quoted as saying Wednesday that Turkey was willing to strike an accord with the Schengen group to try to curb the surge of refugees.

"We will do our best to reab an agreement," Mr. Yilmaz told the Italian newspaper *La Stampa*.

"Our sole desire is to make a major contribution so that Italy and the European Union can break up the criminal networks that run illegal immigration rings," he said.

As to the hundreds of Turkish Kurds that have arrived in Italy in recent days, Mr. Yilmaz said their flight was economically motivated.

"This is an economic phenomenon that started several years ago and involves thousands of people fleeing poverty and misery," he said.

Senior police officials from several European countries are to meet in Rome on Thursday to map out a strategy on stemming the influx of Kurds.

Although the Italian Interior Ministry that have indicated they would take part, besides Italy, are Germany, France, Greece, the Netherlands and Turkey.

The European Commission discussion took place as EU officials started

preparing an action plan to prevent the refugee influx from derailing the Schengen open-borders project.

The plan, which diplomats said would be under preparation for several more days before being adopted by EU foreign ministers later this month, involves more effective border controls, and customs and police cooperation.

The commission said the Kurdish crisis was proof that the EU needed to act together and said member states had failed to enact legislation that could have helped deal with the situation, notably conventions on temporary protection and external border controls.

More than 1,000 refugees, mostly from Turkey, have landed in Italy over the past week and more are expected. Many are thought to be heading for Germany, France and the Netherlands.

Germany, France, Spain, Portugal, Belgium, the Netherlands and Luxembourg are currently full members of the Schengen agreement.

Italy and Austria have scrapped passport controls for inter-Schengen flights and their land-border controls are due to disappear in March.

Turkey, meanwhile, has freed scores of Iraqi Kurds arrested trying to enter Greece illegally, despite a government pledge to seal Turkish borders against illicit immigration in line with European demands.

The governor's office in the border province of Edirne said 140 Iraqis, most of them from the mainly Kurdish enclave of northern Iraq, were captured by gendarmerie border units in three separate incidents on Monday.

The Iraqis, together with 10 Moroccans, 6 Egyptians, 6 Iranians, 2 Pakistanis and 2 Indians appeared before a prosecutor. "They were released by the judicial authorities," the office said in a brief statement. (Reuters, AP, WP)

French Jobless on March

Demonstrations Over Benefits Reach Paris

The Associated Press

PARIS — French jobless, whose protests have shut down unemployment offices around the country for nearly a month, marched through Paris and about 50 other cities and towns Wednesday to demand increased government aid.

In Paris, about 1,000 people marched to the Finance Ministry, shouting, "Those who sow misery, harvest anger."

Activists have occupied 26 state unemployment agencies around France, demanding a one-time, year-end bonus of 3,000 francs (\$500) and bigger benefits.

Some protesters gathered outside an unemployment agency in Lyon on Wednesday, and about 100 jobless demonstrated in Rennes, western France, TV reports said.

About 3,000 people also were protesting in the Mediterranean port city of Marseille, where unemployment is higher than the national average of 12.4 percent.

The escalating protests have become a serious problem for the Socialist government of Prime Minister Lionel Jospin, which has preseoted plans to reduce unemployment but has refused to increase aid to the jobless.

Communist and Greco Party members of Mr. Jospin's governing coalition have criticized what they call his lack of

response. The Socialists took power in elections last June by promising to make employment their highest priority. The government has pointed out that the recent protests involve just a tiny fraction of the country's jobless.

Dutch Government Criticized on Crime

Reuters

AMSTERDAM — The Dutch government was urged Wednesday to take a tougher line on violent crime after a judge in a murder trial drew fire for being too lenient in the sentencing of three men accused of murder.

Members of Prime Minister Wim Kok's Labour Party said they would draft their own law-and-order bill if Justice Minister Winnie Sorgrader failed to take the initiative.

On Tuesday, a court in Leeuwarden sentenced two men accused of killing Meindert Tjoelker, who was kicked to death when he tried to stop youths from destroying a bicycle. Two men were sentenced to 16 months in prison with eight months suspended. A third man was sentenced to six months in prison. They were found guilty of public violence, but the court found no evidence to convict them on Mr. Tjoelker's death.

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THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL

With Defections, How Long Can Netanyahu's Shaky Coalition Last?

By Serge Schmemann
New York Times Service

JERUSALEM — The lead item on Israel's Channel 2 news program was that Defense Minister Yitzhak Mordechai had failed to attend a scheduled meeting with Prime Minister Benjamin Netanyahu, instead visiting with troops in southern Lebanon.

A few weeks ago, nobody would have cared. But that was before Foreign Minister David Levy and his five-man faction walked out of the governing coalition Sunday, so that just one more defection could topple Mr. Netanyahu's government.

With that political calculus in mind, it was enough for a popular politician like Mr. Mordechai not to heed the prime minister's summons to set off a feverish round of speculation that the defense minister might be the next to defect.

The meeting Mr. Mordechai missed Tuesday, a discussion of preparations for the visit of Dennis Ross, the American mediator in the Middle East, was one in which the defense minister is bound to play a crucial role.

Mr. Mordechai's comment, when asked why he had missed the meeting, offered little guidance: "Yes, I heard on the radio that there was some

kind of meeting." Mr. Mordechai has consistently ranked above Mr. Netanyahu in popularity with the resignation of Mr. Levy from the government, and of Finance Minister Dan Meir before him, the defense minister has become increasingly isolated as a moderate in a cabinet dominated by religious and ideological hawks.

With Mr. Netanyahu's volatile coalition now holding only 61 votes in the 120-seat Parliament, Mr. Mordechai, or any other member of that bare majority, has the power to bring down the government.

And with the cabinet ministers torn on virtually every issue, there is a spreading sense that Mr. Netanyahu simply cannot continue the extraordinary juggling act that has pulled him through almost unceasing crises, scandals and rebellions in the last 19 months.

"This is the last supper," declared Justice Minister Tzahi Hanegbi, a political ally of Mr. Netanyahu's, after a meeting of the coalition on Monday night. "It must be said truthfully: If Levy doesn't come back, the government has no chance of lasting."

That conclusion seems to be shared by everyone but Mr. Netanyahu, who continues to insist confidently that he will survive. The question that almost everyone else has been discussing is how

he will fall. The immediate challenge, in which Mr. Mordechai figures prominently, is the American pressure on Israel to come up with a "credible and significant" further withdrawal from the West Bank by the time President Bill Clinton meets Mr. Netanyahu on Jan. 20 and the Palestinian leader, Yasser Arafat, two days later.

Mr. Ross arrived Tuesday to prepare for these

NEWS ANALYSIS

meetings and, most likely, to test Israel's roiling political waters.

The problem is that without Mr. Levy, the balance of power in the cabinet has shifted decidedly rightward, leaving Mr. Netanyahu with less room to cede to the Palestinians the 10 percent to 15 percent of the West Bank that the Americans are said to expect.

One group of hard-line legislators, known as "Force 17" after Mr. Arafat's personal security force of the same name, has vowed to vote against any proposal that surrenders even an inch of Israeli-controlled land. At the same time, the Third Way Party, another member of the coalition, has vowed to pull its four members out if Mr. Netanyahu stiffens the Americans.

Mr. Netanyahu's ace in this struggle is his faith, tested through many previous showdowns, that most members of the coalition really do not want elections. Although the old leaders of the Likud are openly disdainful of the prime minister, their greater fear is bringing the Labor Party back to power.

At Monday night's meeting, Infrastructure Minister Ariel Sharon, a hawk who has steadily gained power in the coalition, told his colleagues:

"When I was young and the horse was tired and couldn't move the can any longer, I would get down and put a stone under the wheel so that the wagon wouldn't roll away."

Lest anyone misunderstand, he added: "I don't want the Labor Party to come back."

The one party that is certain of gaining is Shas, a religious party based among North African and Middle Eastern Jews. But Shas already has 10 seats and has been getting what it wants from Mr. Netanyahu, so it has little interest in bringing him down.

Instead, its leader, Ariele Deri, wants to bring the Labor opposition into a "national unity" government, something Mr. Netanyahu and Ehud Barak, the Labor leader, dismissed for now.

Most other parties simply do not know what would happen in an election.

The Russian-based Yisrael B'Aliya led by Natan Sharansky, for example, has been increas-

ingly disenchanted with his failure to bring home concrete benefits and would probably fare badly.

To test how the parties feel, the tabloid Yedioth Ahronot asked spokesmen for six parties in the coalition whether elections were to be off.

The National Religious Party declared that they were out. Yisrael B'Aliya said it hoped that they were not. The strictly Orthodox United Torah Party said it appeared that they were. Shas said there was no chance that the government would complete its full term. The rightist Tzomet faction said it supported early elections.

According to various officials close to Mr. Netanyahu or Mr. Levy, the prime minister has a device to get out of the political bind. His plan is to win the cabinet's approval for a withdrawal that the Americans would accept and to link it to negotiations on a final settlement, then to link the entire proposal to a series of conditions that the Palestinians would either reject or fail to fulfill, like surrendering prisoners to Israel.

Once the process became stalled, he would call elections himself, saying he needed a national mandate to pursue "peace with security."

For this reason, the Palestinians, who are convinced that this is Mr. Netanyahu's plan, have avoided comment on Israeli proposals, preferring to channel their reactions through the Americans.

U.S. Religious Leaders Say They Will Visit Tibet

Delegation Reportedly Gets Chinese Permission

By Philip Shonan
New York Times Service

WASHINGTON — American religious leaders traveling to China to investigate religious persecution will be permitted to visit Tibet on their trip, according to members of the delegation.

Clinton administration officials said they would welcome a visit to Tibet by such a high-ranking delegation, given the continuing reports of human-rights abuses against Buddhists in Tibet, the remote and mountainous region that is usually off-limits to human-rights investigators.

China has long bristled at American criticism of its treatment of Tibet, which it annexed by force in 1951, and its irritation over the issue has grown in recent months with the release of two big-budget Hollywood films that depict Chinese atrocities against Tibetan Buddhists. Tibet has long sought greater autonomy from China.

The delegation, selected by the White House and the State Department, consists of the Reverend Doo Argue, president of the National Association of Evangelicals; the Most Reverend Theodore McCarrick, archbishop of Newark, and Rabbi Arthur Schneier of Park East Synagogue in New York, who is also president of the Appeal of Conscience Foundation.

The Chinese agreed during the summit meeting last October between President Bill Clinton and President Jiang Zemin of China to allow an American religious delegation to visit China, although the dates of the trip and the itinerary were not made public at the time.

Spokesmen for the White House and the State Department said the United States has still not received official confirmation from the Chinese government of the delegation's itinerary, although one official said that "it would be remarkable

at this point if they didn't visit Tibet."

A member of the delegation, speaking on condition that he not be identified, said the group had insisted on a visit to Tibet and that "we've been told by the Chinese officials that we're going to do — definitely."

During the three-week visit, which is scheduled to begin Feb. 8, the delegation plans to meet with senior Chinese leaders in Beijing and press them to release imprisoned clergy, including several ranking leaders of underground Christian churches in China.

The treatment of Chinese Christians, especially evangelical Christians and Roman Catholics, has been a subject of growing concern to Christian leaders in the United States and members of Congress.

While the Beijing government permits Christian worship, it has imprisoned the leaders of churches not officially recognized by the Beijing government. The harsh treatment of Chinese Catholics dates to the 1950s, when the Communists expelled the last papal representative and set up a church under Communist control, the Patriotic Catholic Association.

Delegation members said they were hopeful that the Chinese government would allow them unrestricted access to religious leaders in China, including those in prison.

"The Chinese have to understand that if they want a long-standing relationship with the United States, it cannot be built on trade alone, and that there are strong religious communities in the United States with impact on American foreign policy," one of the organizers said.

While the trip is being arranged largely by the White House and the State Department, it will be paid for by groups affiliated with the religious leaders, not by any government.



IRAN: Khatami Said to Seek Better Ties

Continued from Page 1

The State Department spokesman, James Robin, said Tuesday that Washington was willing to open a dialogue. But he also said the administration would raise concerns about Iran's development of weapons of mass destruction, its support for terrorism and its opposition to the Middle East peace process.

Washington severed ties with Iran in 1979 after militants loyal to the revolutionary government of Ayatollah Ruhollah Khomeini stormed the U.S. Embassy in Tehran and took 52 American hostages for 44 days.

■ Resistance From Hard-Liners

Mr. Khatami's steps have provoked resistance from hard-liners, the Los Angeles Times reported earlier, most notably Ayatollah Sayed Ali Khamenei, the religious leader who last week sharply

dismissed any suggestion that U.S.-Iranian relations were on the mend.

Conservatives in Iran have never liked Mr. Khatami, and in recent days they have stepped up their criticism of any change in policy toward the United States.

Over the airwaves, at mosques and in newspapers they have declared that America remains the No. 1 enemy and that any talk of rapprochement is a fantasy.

"Any hands that reach out to America should be cut off," said the hard-line newspaper Jomhuri Islami.

A historian, Sadiq Zibakalam, said Mr. Khatami had been "under a lot of pressure from supporters and opponents of rapprochement."

Unless President Bill Clinton responds with "tangible and realistic signals," he said, it will be difficult for Mr. Khatami to overcome the resistance to improved relations.

BOTH: Facing Trial in South Africa

Continued from Page 1

"confession avoidance." It explained apartheid and the predicament faced by the government then, but did not suggest any guilt.

Several officials have said that Mr. Botha and other senior officials not only knew of abuses committed but also ordered them.

If he is found guilty of obstructing the commission's work, Mr. Botha could face two years in jail or a fine of indeterminate size. While he has refused to appear before the Truth Commission, his lawyers have assured Mr. Kahn that he will appear in court, the attorney general said.

The commission's mandate, which expires in July, is to investigate apartheid abuses, offer reparations to victims, confer amnesties to perpetrators in exchange for full disclosure and then patch together a comprehensive picture of the apartheid-era conflicts.

But the two living former presidents from that era — Mr. Botha and Frederik de Klerk — have been nearly impossible to pin down. Although he denied any knowledge of atrocities, Mr. de Klerk cooperated with the Truth Commission. But Mr. Botha has criticized it in the press and defied three subpoenas.

As president from 1984 to 1989, he led the State Security Council, which sat at the pinnacle of an elaborate security apparatus whose main goal was to maintain the apartheid state, which meant fighting those seeking black majority rule.

According to evidence submitted to the Truth Commission in private amnesty applications from senior security officials and from testimony presented publicly, that council's strategy included infiltration, bombing and assassination.

Among the allegations against Mr. Botha that have been publicly disclosed, a former South Africa police general, Johan van der Merwe, testified that the

former president gave the order for the bombing of the Johannesburg headquarters of the South African Council of Churches in 1988.

Eugene de Kock, a convicted murderer and former colonel who led a covert police hit squad, said during his trial in 1996 that Mr. Botha ordered the bombing in 1987 of the headquarters here of the Congress of South African Trade Unions, a labor federation.

And Magnus Malan, a former defense minister, told the Truth Commission during hearings on the State Security Council last month that Mr. Botha ordered raids across the border into Zambia, Botswana and Zimbabwe in 1986. During those raids, South African commandos killed several people, including children, suspected of involvement in the anti-apartheid cause.

Without the consent of the Algerian government, or of the extremists, for that matter, there is almost nothing the international community can do "unless it is willing to forcibly go in and make peace," said a former U.S. official involved in the Burundi peace-making effort.

Most other governments have generally supported the Algerian government and the elections it organized last year, though that support has begun to erode amid the continuing violence.

"I don't think anybody is advocating that we want to weaken the Algerian government," said Terrence Lyons, a specialist in conflict resolution at the Brookings Institution in Washington. "We want to help it overcome the conflict, not to overthrow it."

Further complicating matters, the government with the longest, closest and deepest ties to Algeria's — France — is also one that many Algerians feel least disposed to listen to because of the long and bitter colonial past.

Other European countries, as well as the United States, have generally left it up to France to take the lead in the matter. The French, scorched by Algerian official reaction and fearful of the threat of terrorism on their own soil, as well as the prospect of an increasing flow of Algerian immigrants, have been wary of taking that lead.

Some of the international organizations with the closest links to Algeria, like the Organization for African Unity and the Organization of the Islamic Conference, have dealt with the problem gingerly if at all.

The UN Commissioner for Human Rights, Mary Robinson, has asked Algeria to allow an international inquiry team into the country.

During a meeting Tuesday with Washington's ambassador to Algiers, Cameron Hume, Algerian officials said they would allow a UN special rapporteur to pay a visit, the State Department spokesman, James Rubin, said. "That idea, as far as we know, has not been rejected by the Algerian government and it is still a possibility," he said.

Where Does Gates Want To Go Now?
Microsoft's Horizons Are vast, but Regulation May Build Some Fences



Pieter Botha, facing prosecution.

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Coalition Last

Where Does Gates Want To Go Now?

Microsoft's Horizons Are Vast, but Regulators May Build Some Fences

By Steve Lohr
New York Times Service

NEW YORK — The bouncy U.S. television commercials set to rock music show scenes of consumerism, happy people of all walks of life using Microsoft products. They end with the uplifting question: "Where do you want to go today?"

The ads speak of unlimited horizons, an apt sentiment coming from Microsoft Corp. The software giant has had another banner year of remarkable growth and profitability. It has expanded into new fields with investments in everything from cable television to voice-recognition software. Microsoft has \$9 billion in cash, no debt and ambitious plans.

Microsoft, it seems, can go just about anywhere it wants this year, unless the government stops it. The chances that the government might get in Microsoft's way, though still uncertain, have increased lately as antitrust officials at the Justice Department have aggressively pursued the company in court.

Where Microsoft decides to go, wherever it steps, has a ripple effect across the computer industry. Its wealth and market power are such that no startup software company can even consider opening its doors without first hand-capping Microsoft's intentions.

Customers may complain about certain program features, but they keep on buying Microsoft offerings by the truck load. That is why Microsoft is one of the most admired companies in the world, why it has a stock market value that is more than three times that of General Motors Corp. and why its chairman, Bill Gates, is not only America's richest person but also a national hero to many.

So where is Microsoft headed? Microsoft executives and industry analysts talk of three trends.

First, the company wants to go further into the industrial-strength heart of corporate computing with its Windows NT operating system and server software. The buzz phrase Microsoft applies to this market is "high-performance network computing." The main corporate targets are Sun Microsystems Inc., Novell Inc. and International Business Machines Corp.

Jeffrey Raikes, Microsoft's vice-president for sales and marketing, said: "In corporate America, the debate about switching to Windows NT has moved from 'if to when,' and companies are increasingly using Windows NT for what they used to use Novell and Unix for. That's a very positive trend for us."

Microsoft is also investing to extend its reach further into American households. Conventional PCs, even with prices for some models moving below \$1,000, are still costly for a mass-market device.

The new frontier for distributing Microsoft software is television, or some future variant of television. That explains Microsoft's purchase, for \$425 million, of WebTV Networks Inc., which developed technology for delivering Internet services to televisions.

Similarly, Microsoft's \$1 billion investment for a stake in Comcast Corp., the fourth-largest U.S. cable-TV operator, is intended to encourage cable companies to invest in upgrading their networks to handle Internet services.

"WebTV is the terminal device," said David Yoffie, a professor at the Harvard Business School, "and cable television is the connecting device — the high-speed conduit — for Microsoft driving itself into every living room in the United States and later in the world."

"This is an expansion of Bill Gates's original vision of Microsoft software on every desktop," Mr. Yoffie added. "Now, he's going for every home as well."

The beyond-the-PC move into the home, analysts say, is Microsoft's effort to extend its core software business in a major new market, just as Windows NT is taking the company deeper into corporate computing.

The third big trend at Microsoft seems to be a retiming of its media strategy, after heavy losses at its MSN on-line service. The emphasis, industry executives say, will now be more on on-line commerce, such as the company's popular Expedia travel site, and less on producing on-line programming.

The wild card in Microsoft's future is Washington — the government's antitrust challenges to its marketing practices. Later this year, a federal judge is expected to issue a final ruling on the suit alleging that the company is violating a 1995 consent decree. Microsoft, the government charges, is using its near-monopoly on computer operating systems to try to unfairly gain control over the market for Internet browsing software.

Microsoft has said it will push ahead with the introduction of the next version of its operating system, Windows 98, in the second quarter. It is sticking to that plan despite a judge's temporary ruling that the company must allow computer makers to separate the operating system from the company's Internet software.

In addition to the Justice Department suit, several state attorneys general are investigating Microsoft, as are antitrust officials in Europe. So far, the scrutiny has not curbed its product plans or marketing practices in any significant way. The only certainty on that front is that as long as Microsoft retains its grip in the market, the scrutiny will continue.



Mistaken Identities, 1996, an interactive CD ROM created by Christine Tamblyn.

The Emerging School of 'Cyber Art'

Information Technology Gives Birth to Cocktails of Images and Texts

By Paul Lewis
New York Times Service

NEW YORK — Technological advances and artistic innovation have always gone hand in hand.

Without the advent of slow-drying

oils in the 15th century, Renaissance painters would not have turned to such subtle coloring and shadows. Without printing, professional novelists may not have emerged. Without certain instruments, some musical classics would not exist. Liszt could never have composed the "Annees de Pelearnage" if the piano had not replaced the harpsichord.

Now a school of modernist artists is

trying to create a new electronic art form based on the latest information technologies. Using digital imaging techniques and the worldwide Internet, these artists work with computers to mix cocktails of images, texts and sounds that are stimulating to ear, eye and mind, and are instantly available through the Web to an audience of millions.

What many of these "cyber artists" may consider is that their work is the unlikely offspring of the Cold War. Most of the technologies they use — digital imaging and the Internet itself — were developed for military research and have only become readily available since the Cold War's demise as manufacturers seek new markets for them.

The growing popularity of cyber-art — which more than any other art form, some say, is dependent on technology — is leading some art historians to appraise the relationship between science and art. It is also spurring an examination of the impact of these new forms on artistic tradition and the audience.

In "Techniques of the Observer," a study of modern artistic vision, Jonathan Crary of Columbia University argues that the roots of the whole modernist movement — of which cyber-art is merely the latest example — lie in the science and technology of the early 19th century.

"In this book I have tried to give a sense of how radical was the reconfiguration of vision by the 1840s," Mr. Crary writes. "If our problem is vision and modernity, we must first examine earlier decades, not the modernist paintings of the 1870s and 1880s."

He cites such developments as medical research into the eye and the advent of such entertainment devices as the kaleidoscope, the magic lantern and the stereoscope, which created what he calls "subjective vision" and encouraged artists to see the world in new ways.

Turner and other painters experienced with light decades before Monet and the other impressionists did. In the 1850s, the critic John Ruskin defined a new kind of artist when he urged painters to recover that "innocence of the eye" that would allow them to see objects as a blind man would see them if suddenly gifted with sight."

The impact of information technologies on the art world is even more revolutionary, Mr. Crary says. He argues that cyber-art represents "a transformation in the nature of visuality probably more profound than the break that separates medieval imagery from Renaissance perspective."

No longer is the artist an "observer" seeking to depict an external reality from a fixed point in space. Instead he is creating images that exist only in electromagnetic form, have no fixed relationship to him in space, yet can be seen simultaneously by the whole world.

HISTORY is filled with examples of new technology that enabled new art forms to develop while vastly widening the audience. Printing created the best-seller — first the Bible, eventually the novel. Lithography, an inexpensive printing process that also permitted wide distribution, brought art out of palaces and galleries and into ordinary homes.

But if science is often the leader, it is

also led: Sometimes esthetic needs are the motor of technological invention. French hydraulic engineers developed techniques to supply fountains at Versailles, not to bring clean water to Paris. And the oxygen blowtorch of today is the direct descendant of the blowpipes used for centuries to make glass ornaments.

In a 1970 essay, "Art, Technology and Science," Cyril Stanley Smith of the Massachusetts Institute of Technology offered examples of new technologies that developed first in what he termed "an esthetic environment."

He theorizes that the first use of metal, in the fourth millennium B.C., was for decorative buttons. Bronze was cast as church bells for centuries before it was used for cannons. Medieval illuminators developed metallic powders for the silver and gold inks they used.

Art scholars argue that the new "global information culture" has tremendous implications for artists and their audiences. Barbara Stafford, an art historian at Chicago University, says cyber-art will "change the structure of the art world" by allowing "anyone to make art and show it to the world."

For Ronald Jones, director of the Digital Media Center at Columbia University, the emergence of cyber-art shows that "our culture is embracing information as a medium for the artist to work with," with far-reaching implications.

Artists are becoming "technicians again as they were in Renaissance days, he said, because they must learn to write software and operate the more sophisticated computers. They are rethinking relationships with audiences they never see. And they are forced to reconsider the nature of originality by working in a medium that permits infinite reproduction and distortion of any image.

Still, there is an undercutting of dissatisfaction with the quality of the cyber-art so far. "I'm struck by the similarity of the images," Ms. Stafford admits. "It's art all right, but we have not yet seen a great computer artist," says Robert Storr, curator of painting and sculpture at the Museum of Modern Art. So far, he said, "these artists still seem more interested in the technology itself and not in what it could express."

SITES

Some cyber-art sites on the Internet:

- The Cooper Union for the Advancement of Science and Art is at <http://www.cooper.edu>
- It has a special multimedia art exhibit called [techno.seduction](http://www.cooper.edu/art/techno/seduction) at <http://www.cooper.edu/art/techno>
- An exhibit of Christine Tamblyn's work: <http://math.lehman.curv.edu/b1/Center/tamblyn.html>

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Companies Begin to Come to Terms With 'Millennium Bug' Panic

By Saul Hansell
New York Times Service

NEW YORK — For several years, technological doomsayers have bated a dark prophecy of computerized chaos to be brought on by the inability of many computers to interpret dates after 1999. Repair your programs now, they intoned, or be prepared for your systems to freeze in millennial ice. Though it has been hard to know how seriously to take these predictions,

with less than two years to go, clues are emerging. Much of the evidence supports the view that the year 2000 problem is, indeed, a big deal, and computer users are slowly coming to this realization.

A recent survey of 108 technology managers and big companies by Cap Gemini SA, a French software consulting firm, found that four out of five had initially underestimated the cost of fixing the problem. And 7 percent have already had computer failures related to the problem.

"A lot of companies, when they found out how

big the problem was, just went into a catastrophic state," said Jim Woodward, the head of Cap Gemini's year 2000 practice.

Cap Gemini and many other companies that had bated to profit from selling year 2000 repair services have found business to be slower than they had predicted. Last year, Mr. Woodward said, "was a missed opportunity for many companies to have their work done at a lower cost."

"You can read this two ways," said Edward Yardeni, chief economist of Deutsche Morgan

Grenfell, who has warned of a global economic slowdown from computer errors. "Either there hasn't been enough recognition of the problem, or it's not really such a big deal. I pick door No. 1."

That is not to say that some companies are not worried. BankAmerica Corp. has established two bonus pools: \$30 million to be shared by those among its 600 computer experts who stay with the company and see the dawn of the millennium through, and \$50 million that is open to all other employees who help spot impending bugs.

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.iht.com>. Articles include:

IBM to Shut Computer-Industry Trade Show Dec. 31, 1997

Beijing Tightens Control of Internet Use Dec. 31, 1997

Judge's Ruling Reverses Telecom Law in Favor of Regional Bell Cos. Jan. 2, 1998

Siemens Sets Deal With Motorola Jan. 2

EU Phone Market Open? German Users Cry foul Jan. 3

Source: Morgan Stanley; Bloomberg News

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@iht.com.

International Herald Tribune

TECHNOLOGY INDEX

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange	295.56		+1.72
Technology			+2.35
Standard & Poor's Technology Composite	716.36		
Europe			
Morgan Stanley	454.61		+1.58
Eurotec			
Asia			
Topix Electric	1686.17		+2.55

Source: Morgan Stanley; Bloomberg News

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@iht.com.

International Herald Tribune

ALT / Commentary

Seeking Internet Center For Europe and Asia

U.S. Companies Look for City With Savvy

By Victoria Shannon
International Herald Tribune

PARIS — Quick: Which capital city holds the title of the center of the Internet in Europe? How about in Asia?

O.K., here's an easier one: Which city would like to be seen that way?

The answer is, of course, most of them.

That is what Jeff Richards, executive director of the Interactive Services Association based near Washington, is finding. His organization, a leading U.S. Internet trade group, wants to establish both European and Asian offices.

Perhaps like other Internet

concerns from the United States, his early inquiries have not helped to narrow the field much. Mr. Richards's short list in Europe includes Amsterdam, Berlin, Brussels, London and Paris. In Asia, under consideration are Hong Kong, Kuala Lumpur and Sydney. The right location has that hard-to-define, just-so mix of culture, creativity, commerce — and Internet savvy.

The ISA, which promotes Internet public policy issues on behalf of its members, already has international companies on its roster, such as NTT Chiba Directory of Japan; Telecom Finland; Alcatel Business Systems of France; Deutsche Telekom AG of Germany, and Star Publications of Malaysia.

Many of the rest of its 350 members are big-name brands familiar to Internet users the world over: Microsoft, America Online, AT&T, Intel, MasterCard.

"We would like to work with companies to build the confidence and trust necessary to make the Internet a mass-market medium," Mr. Richards said. "That's not a U.S.-centric goal."

Indeed, with use of the Internet burgeoning outside the United States and hot-button issues like privacy, taxes and copyrights being pushed by governments worldwide, Mr. Richards and his board are naturally eager to establish influence there.

But where? "It certainly would not mean much in business terms to land the ISA office; total staff might be all of a person or two. And the amount of prestige hooking the ISA would bring is in the eye of the beholder. Counting loosely, about 30 U.S. groups claim to represent the interests of the Internet in some fashion."

If the major criterion is proximity to governments, Geoffrey Yu suggests Geneva. Mr. Yu is director of the office of global communications at the World Intellectual Property Organization, which long ago left Bonn to be near the United Nations' outposts in Geneva.

"It's a natural for nongovernmental organizations that need easy access to world policymakers," he said. "In the European context, it would have to be between Geneva and Brussels."

But Mr. Yu wonders whether it matters where. "Personally speaking, isn't the nature of the Internet such that you could be located anywhere?"

Yes, but Mr. Richards needs access to clout as well as access to coolness.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Shift in Israel?

A budget argument is given top credit for the resignation of David Levy from Benjamin Netanyahu's cabinet in Israel and for his removal of his five-seat Gush Etzion bloc from Prime Minister Netanyahu's now razor-thin parliamentary majority. The broader interest in this infighting, however, lies in its potential to give Israel a government reader ideologically and politically to revive failing negotiations with the Palestinians, if they in turn can tend to Israel's security.

Nothing is certain, but the Levy resignation opens possibilities of diplomatic initiative either by a struggling Netanyahu or by a government that may yet emerge from new elections.

Mr. Netanyahu squeaked by on a budget vote on Monday. A no-confidence motion is possible.

An even harder test comes when the Israeli prime minister arrives in Washington two weeks hence and faces an American demand for a "significant and credible" West Bank redeployment. If he says "no," he invites a split with his more moderate coalition partners as well as with the Clinton administration. If he says "yes," he

keeps his American connection but loses his right-wing coalition partners. Each of these options has its separate electoral implications.

The United States' obligations run to its interest in regional stability. It must focus on the Israeli-Palestinian negotiation, not on the consequences for this party or that politician. This means encouraging Palestinian concern for Israeli security and Israeli concern for the Palestinian objective of eventual statehood.

Like other Israelis, many in Likud see statehood as the regrettable but unavoidable and manageable outgrowth of the Palestinian autonomy that they are already living with. As for its territorial dimensions, even Mr. Netanyahu seems prepared to yield half of the West Bank, while Yasser Arafat demands it all — bargaining positions?

Mr. Levy, controlling only five Knesset seats, was always a long shot for higher office. But his well-known favor for the negotiations and the timing of his break with Likud make him a symbol of a renewal of Israeli policy.

— THE WASHINGTON POST.

Post-Steroid Germany

Germany's thorough attempts to prosecute those who committed crimes during the East German dictatorship have now entered the world of sports. Four trainers and two doctors at a Berlin swimming club have been indicted for injuring the swimmers in their care by administering performance-enhancing anabolic steroids, and future indictments may reach the former Communist Party Central Committee.

While this is certainly not the worst crime of the old East German government, Germany is right to attempt to try people whose pursuit of Communist glory damaged the health of thousands of athletes, many of them children.

In the 1970s, East Germany's sports machine became so powerful that its female swimmers won 11 of 13 gold medals at both the 1976 and the 1980 Olympics. The country of 17 million challenged America and the Soviet Union for Olympic domination. Since 1993, German authorities have collected evidence of a widespread state-run program that gave athletes, some beginning as young as 10, daily doses of performance-enhancing steroids.

East Germany began experimenting with doping in the 1960s. Its use was widespread from the early 1970s

until the mid-1980s, when drug testing methods improved.

One of the most prominent archive researchers says that even in 1989, close to 1,000 athletes were still taking steroids. Promising swimmers, skaters, rowers, shot-putters, weight lifters and other athletes, especially girls, were given daily tablets that they were told were vitamins, although certainly many knew the truth.

Hundreds of girls began to develop masculine characteristics, and at least a dozen male athletes grew breasts that were surgically removed. Some athletes have developed cancer or serious lung, liver and kidney problems. Many of the coaches and doctors suspected of responsibility are still at their jobs in the new Germany, and should be suspended until they are prosecuted or cleared.

It is probably too late to strip East German winners of their medals. Drug testing at the Olympics, the only evidence of cheating that the International Olympic Committee will recognize, missed most abuses in the 1970s and 1980s. But it is not too late to punish the coaches, doctors and political leaders who directed this destructive program.

— THE NEW YORK TIMES.

Lithuanian Outreach

Voters in Lithuania have elected as their next president a U.S. citizen, Valdas Adamkus, a man whose only previous electoral experience was his defeat, as a Republican in an overwhelmingly Democratic Chicago, in a contest for a seat on the Metropolitan Sanitary District commission. Mr. Adamkus, 71, emigrated from Lithuania in 1944 during World War II, and made his way to the United States via Germany. He forged a distinguished career as engineer and regional administrator in Chicago, of the Environmental Protection Agency.

Although he visited Lithuania frequently, and acquired an apartment there in 1991 and dual citizenship in 1992, he did not move back until last year, when he had to win a court battle for permission to run. Now he intends to renounce his U.S. citizenship and begin serving a five-year term.

His election is interesting as a human interest story, but even more interesting for what it says about the distance that Lithuania, like several other formerly Communist countries in its neighborhood, has traveled since it shook off Soviet occupation and regained its independence in 1991.

In those early days, Lithuania turned to leadership by the fiery politician who headed the struggle for independence, Vytautas Landsbergis. But Mr. Landsbergis proved a better fighter than administrator, and when he tried to regain the presidency this time around he finished a dismal third. Lithuanians no longer welcomed the policies of revolution and confrontation.

In 1993, with its economy in a tailspin, this small Baltic country led a regional trend toward electing ex-Communists. In Lithuania's case, former party boss Algirdas Brazaus-

kas was a solid, reassuring presence promising competent management and stable relations with Russia.

In his term he has delivered both, and more, including open and friendly relations with the West, an important rapprochement with Poland and a civilized approach to democratic consolidation when conservatives won control of Parliament. He will leave office with substantial respect and popularity, not least because he chose to step down after one term, saying that Lithuania was ready for new leadership.

The incumbent's endorsement was not enough to win the presidency for a 44-year-old prosecutor who narrowly lost this week to the American Mr. Adamkus. The loser was too closely associated in many voters' minds with the old Communist elite. As in Poland's elections last year, voters turned against the ex-Communists — not because they feared a return to communism, which no one advocates, but because they did not want to see the old nomenklatura consolidate its hold on political and financial power.

In Lithuania as in Poland, this turning away from the ex-Communist managers can be seen as a sign of confidence in new leadership. Many voters hope that Mr. Adamkus, with his half-century in America, will bring a fresh, totally non-Soviet approach to government. Whether his EPA experience equips him for his new job as well as they hope remains to be seen. But their election of him represents another sign of the desire that Lithuania, Poland and their Baltic neighbors share to join the West and all its important institutions. It is a reaching-out that the West should enthusiastically reciprocate.

— THE WASHINGTON POST.

Now a 'Human Proliferation' Threat From Russia

By Jim Hoagland

WASHINGTON — "Human proliferation" from the arms industries of Russia and Ukraine is becoming an important new irritant in U.S. relations with those two countries and a growing threat to global security. As this becomes clearer, so does the inadequacy of traditional diplomacy and arms control to deal with this new situation.

There is a dark side to the information revolution and the breakup of the Soviet Union's rigid, brutal system. Can the weakened states that emerged from the Soviet collapse hope to control the knowledge acquired by scientists, engineers and academics whose careers are now also in ruins?

And can the United States realistically demand that Moscow and Kiev do so, and punish them if the leakage of lethal human skills and knowledge into the Middle East continues?

Mr. Primakov has told the State Department that Russia's intelligence services have located only one or two isolated instances of Russian companies or individuals violating national nonproliferation controls. He promises that Russia will check out any other leads that the Americans provide.

But in the new Russia it is a fairly simple matter for a nuclear scientist who has not been paid in months (there were many last year) to arrange to visit family in Kiev or Kazakhstan and then disappear for months. Tehran, Baghdad and Tripoli are thought to be favored, lucrative destinations.

"We have told the Russians that outside help for Iran's missile program is a litmus test for our relations. It is an issue on which they must choose between cooperating with Iran and cooperating with us. But we don't really know if realistically they can control this," says one U.S. official in frustration. "It was much easier dealing with a Kremlin you could hold responsible for anything that happened, because it usually was."

The problems of dealing with a Russian government too weak or too corrupt to collect taxes or pay salaries on time are beginning to overshadow the problems of dealing with Russian military might, which continues to decline on its own. Government spending on the military has shrunk from 30 percent of GNP to about 3 percent, or \$16 billion for 1998.

Graham Allison, a former Defense Department official who now heads Harvard's Belfer Center for Science and International Affairs, came away from a series of high-level briefings in Moscow last month with the impression that the Russian military did not add a single new warplane or tank to its forces in 1997, and faces dramatic new reductions this year.

The statistic that jumped out at Mr. Allison from a briefing by Interior Minister Anatoli Kulikov was the Russian estimate that about \$30 billion worth of illegal exports and imports flowed across Russia's once tightly sealed borders last year. In total, this smuggling and other underground activity accounts for 40 percent of the Russian economy today, Mr. Kulikov added.

"It is ironic that the United States finds itself concerned over a Russian government that is too weak to do what we need done for our security," observes Mr. Allison, who has formed a group of U.S., European and Russian experts to design a "new agenda" of security and economic concepts to guide U.S.-Russian relations.

"We need to focus on first-order issues that engage our interests jointly, such as preventing nuclear material and technology from being smuggled across borders, and energy security, rather than second-order issues like NATO enlargement that divide the parties."

Hammering at Russia on Iran's missiles as an isolated diplomatic issue is not likely to succeed. Human proliferation is one of those new problems that has to be folded into a larger agenda that deals with Russia's growing weaknesses as well as its declining strengths.

The Washington Post.

Trouble in Indonesia, and No Outside Solution in Sight

By Philip Bowring

JAKARTA — Stop worrying about South Korea and Thailand. Pay attention to what is now East Asia's biggest problem, Indonesia. If things continue to deteriorate in the next few weeks, the consequences for Western and Japanese banking systems will be immense.

The consequences for Indonesia itself and the region in general will be even greater. At stake will not be just internal stability but the relatively open economic system of the 30-year-old New Order regime.

With the rupiah now having lost 70 percent of its value in a few months, the financial situation is dire. Indonesians appear to have lost faith in their currency because of political as much as credit woes. An international rescue operation is possible, but seems unlikely unless accompanied by political change that resolves the succession and tackles first-family abuses.

Even in the best of circumstances, reversing the financial rot would be much harder than in South Korea. To the official figures from the Bank for International Settlements, must be added many billions on-loaned through Singapore, Hong Kong, the Caribbean etc. In total, \$100 billion plus is at stake.

To put that in another perspective: One major French bank is reportedly directly exposed to Indonesia to the extent of 25 percent of its tier-one capital.

South Korea has administrative competence to make debt deals stick. In Indonesia, below the top level of technocrats, management is very weak.

South Korea and Thailand can appeal to fierce patriotism in addressing the crisis. In Indonesia, where the Chinese community dominates business, nationalism is more likely to exacerbate capital flight.

International bank exposure to private sector Indonesia is

probably not much less than to South Korea. To the official figures from the Bank for International Settlements must be added many billions on-loaned through Singapore, Hong Kong, the Caribbean etc. In total, \$100 billion plus is at stake.

Even without big losses elsewhere in Asia, Indonesian losses could force European banks to cut back lending at home or seek big capital increases.

Despite drought, debt and falling commodity prices, Indonesia's macroeconomy is sound. Its base is broad, and current account deficit is manageable. However, massive corporate defaults are inevitable if the rupiah cannot somehow be brought back to 4,000 to the dollar — reasonable from an economic standpoint — from \$2,000 today.

But that means a much bigger dose of dollars than the IMF is able or the private sector willing to supply.

So who will save the situation while President Suharto

scheduling is out of the question? Nor is a formal debt moratorium likely, as it would require imposition of exchange control, which would spur capital flight through informal channels.

Even without big losses elsewhere in Asia, Indonesian losses could force European banks to cut back lending at home or seek big capital increases.

The situation can only deteriorate in the coming weeks as more factories close, the drought continues to burn, and hundreds of thousands of workers are repatriated from Malaysia.

Nor is resentment any longer just focused on the family. There is a resurgence of the economic nationalism that flourished under President Suharto but had long been diluted by economic growth. It is re-establishing itself in an urban indigenous middle class that may find in foreign investors, the IMF and local Chinese the scapegoats for its sudden loss of prosperity.

For now, there is enough common ground among the factions of the elite not to endanger the open economy. A change in leadership and cleaning of the system would probably be enough to assuage discontent long enough to get through the economic crisis.

However, the longer political uncertainty reigns, the greater the threat to the system, the Chinese, the foreigners and the stability of the region.

ASEAN, which has just turned 30, was possible because Mr. Suharto reversed Mr. Sukarno's shrill nationalism and sought good relations with neighbors and the United States. The prosperity of Singapore in particular, and the region in general, has been anchored in an outward-looking, nonconfrontational Indonesia.

Likewise, mobility of capital, which has contributed so much to the region, would be badly disrupted by anti-Chinese riots in Indonesia, and even raise the specter of a newly assertive China positioning itself a big brother protector of ethnic Chinese.

Indonesia is not like the Philippines in the dying days of the Marcos era. There is no expectation that the outside world can much influence events. But the stakes are higher.

Japan, America and Europe have many interests in Indonesia. They need to understand how precarious things are, and the cost of an implosion.

There may be little that can be done until Indonesians, one way or another, extricate themselves from the political impasse. But once they do, it would be foolish of their friends not to act together to restore financial equilibrium.

— THE NEW YORK TIMES.

Small Changes, Then Unexpected Upheaval

By Robert J. Samuelson

gradually lowered below its freezing point and remain a liquid. But touch it with anything, and it instantly turns to ice. It is a liquid one second, a solid the next.

Or consider two chunks of uranium. Together, they are harmless, but rearrange the uranium atoms and you can create a critical mass — and, conceivably, an atomic bomb. Life and history are not always water coming slowly to a boil. Sometimes they are a critical mass triggering radical change.

We know now that Asia's booming economies had reached a critical mass leading to today's bust. Countries had made many poor investments — office towers in Thailand, factories in South Korea — that could not repay the funds used to build them. But in the reigniting optimism of the "Asian miracle," one connection the dots. A few bad projects were dismissed as isolated mistakes.

The chain reaction happened because something altered perceptions. Thailand devalued its currency in early July, admitting, in effect, that its problems were so widespread that it could no longer repay all its debts. Parallels were soon discovered in other countries.

Fearing devaluations, local and foreign investors rushed to sell local currencies and stocks. The ensuing panic selling, which forced many currencies and stock markets down, made matters worse. But they were not, as many supposed, instances of runaway irrationality.

The Soviet collapse proceeded similarly. A repressive regime represses best when its cruelty is credible; few challenge its authority. Rare dissenters are isolated, jailed or killed with ease. Hardly anyone hides or defends them. Everyone fears; many inform.

The old Soviet Union earned its reputation for cruelty over many years — in the "liquidation" of kulaks (private farmers) in the late 1920s, in the millions of political prisoners sent to the gulag in the 1930s, in quelling uprisings in Hungary (1956) and Czechoslovakia (1968). But by the 1980s the Soviet Union lost its capacity for boundless repression.

Solidarity's protest in Poland was not brutally suppressed. Political liberalization at home was tolerated and, under Mikhail Gorbachev, encouraged. Perhaps this was a misjudgment.

Some recent favorable trends (falling abortions and teenage pregnancies) could ultimately prove surprisingly large. As people change, so may their example may influence others.

The lesson is that small changes feed on themselves, cause people (and institutions) to behave differently and then crystallize into huge shifts.

As Mr. Gladwell notes, not all change is linear — in a straight line. The belief in linear change survives because it makes everything seem simple and controllable. If we want warmer water, we just turn up the heat. This is not, however, the way the world usually works.

— Washington Post Writers Group.

What these cases involved was not instant upheaval but slow changes whose ultimate consequences went unrecognized because they contradicted conventional wisdom and could not occur until they passed some unknown threshold.

The same process may apply to some U.S. social and economic problems. They may change, as Malcolm Gladwell has argued in *The New Yorker*, a "tipping point" after which they rise or fall rapidly. This, he says, may be true of crime. A hypothetical example shows why.

Assume that a town starts with 100 criminals; 10 are caught each year, and 12 people become criminals. At first, crime rises slowly. In year one, it will be 2 percent higher. But after five years it will be up 10 percent, and at some point (the tipping point) it could soar. Police are overwhelmed. They have a harder time solving crimes; more people become criminals and commit more crimes.

Now reverse the assumptions. The town adds 20 percent

more police, who catch 12 criminals a year. Lesser prison terms deter people from crime; there are only 10 new criminals a year. Crime drops slowly, but at some point it may plunge. Police solve and stop more crime. Fewer people become criminals.

All this may make falling crime rates a bit less mystifying. In 1997, Los Angeles had fewer than 600 murders for the first time since 1977, and murders in New York, 756, as of late December, were a third of their 1992 level.

It may also explain unexpectedly low U.S. inflation (1.8 percent in the past year). Once companies believe that government will reduce inflation, they act in ways — cutting costs, improving efficiency — that reduce inflation. Raising prices would make them uncompetitive.

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at From Russia

A U.S. Budget Surplus? Use It to Pay Down Debt

By David S. Broder

WASHINGTON — No one can accuse official Washington of lacking a sense of humor, nor when the politicians and pundits are falling over each other arguing about what to do with the unexpected budget surplus.

The remarkable discovery that the Treasury took in \$2.5 billion more in revenues in the last 12 months than it spent was followed Monday by President Bill Clinton's announcement that he will submit a balanced budget for fiscal 1999. The prospect of a surplus has unleashed a cascade of talk about new tax cuts or more spending (or "investments," as the White House prefers to say).

Suddenly forgotten is the fact that we Americans have amassed \$5.5 trillion in debt, almost four-fifths of it in the 1980s and 1990s, and the last trillion during the supposedly frugal Clinton years.

Conveniently overlooked, too, are the \$14 trillion of unfunded obligations for the retirement and health care benefits of the baby-boomer generation, now just 10 years away from starting to impose its unprecedented burdens on its children and grandchildren.

Newt Gingrich, the House speaker, is arguing for cutting taxes "every year" as long as the budget is in the black. President Clinton is proposing "targeted" tax cuts.

But it would be foolish to relax

All of this suggests that spoon-feeding honey to voters in an election year is more appealing to many in Washington than telling the public the truth: After the profligacy of the last two decades, we face years of sucking in our fiscal gut if we are going to be in shape to finance the "boomer" golden years without another explosion of debt.

Mr. Clinton deserves credit for recognizing at the very beginning of his presidency that the reckless pattern of previous years could not continue.

He and Treasury Secretary Robert E. Rubin (then running economic policy on the White House staff), working closely with Federal Reserve Chairman Alan Greenspan, took the substantial political risk of pushing through a budget in 1993 that set the path toward this intoxicating day of deliverance from deficit financing.

In 1993, Republicans, to their discredit, fought Mr. Clinton every step of the way. But when they took control of Congress in 1994, they reversed their stance and applied further pressure toward eliminating the red ink.

The remarkable run of inflation-free economic growth we have been enjoying is something for which both parties can claim credit.

But it would be foolish to relax



now that a nominal balance is in sight. Keeping that balance is important. It is not, as some say, a meaningless accounting trick. This year, we are spending about \$250 billion in interest on the national debt. One out of every seven dollars in taxes goes simply to pay off the bondholders.

That money is diverted from medical research, military preparedness, upkeep on the national parks and all the other things the federal government does.

Those tax dollars truly are being squandered.

As anyone with a credit card knows, the interest on unpaid debt compounds quickly, which

is exactly what has been happening to the country during these reckless years.

Wise policy would use any budget surplus first to start paying down the national debt, thus capturing the effects of compounding for the benefit of future generations. Every \$1 billion taken off the debt in 1998 saves many times that amount in interest payments over the coming decades.

The United States does not have to wait until the debt is completely eliminated before people begin to enjoy tax cuts or benefits of additional government spending in important areas. As the debt shrinks relative

to the size of the overall economy, it becomes less and less of a tax on the current generation.

But simple prudence suggests that debt reduction be given priority at least until agreement is reached on how we will finance the inevitable demands of the boomers' retirement and health care needs.

Squandering the supposed budget surplus on either tax cuts or new government programs would be worse than punting the cart before the horse. It would be this generation, saying to the next: We're getting ours, and the hell with you.

The Washington Post.

Solution in Sight

Bread and Circuses

Regarding "Europe and U.S. Culture" and "American Culture" (Letters to the Editor, Dec. 19 and Dec. 24):

The writer responding to Richard Pells's "Cinema Verité in Europe: Rejecting U.S. Culture" (Opinion, Dec. 16) must also have read "The Makeover of Geraldo — Just Ask Him" (Features, Dec. 10) and "The Entertainment Coup" (Opinion, Dec. 18).

Europeans who reject U.S. culture, one letter writer said, have a "fundamental distrust of America's mercantile economy, which idolizes the creation and accumula-

tion of wealth while redefining the value of human achievement in purely financial terms."

As a historian observing America, I can't help but be reminded of the plebeians of Imperial Rome clamoring for bread and circuses — which can be projected into our times as welfare and professional sports. Those were the declining years of the Roman Empire.

WOLFGANG KAUPISCH
Montes de Alvor, Portugal

Global Warming

Regarding "Beware of Popular Enthusiasms" (Opinion, Dec. 9) by Charles Krauthammer:

BOOKS

JOHANNES BRAHMS

Life and Letters

Selected and annotated by Syra Avins. Translations by Josef Eisinger and Syra Avins. Illustrated. 886 pages. \$49.95. Oxford University Press.

JOHANNES BRAHMS

A Biography

By Ian Swafford. Illustrated. 732 pages. \$35. Alfred A. Knopf.

Reviewed by James R. Oestreich

MAYBE it was because the big Brahms year just past, with the 100th anniversary of the composer's death, came too soon after the one before, 1983, with the 130th anniversary of his birth, and there just wasn't that much new to say. Whatever the reason, performances concentrated mainly on the familiar masterpieces, yielding few revelations. And now two books bringing down the curtain offer mostly material that has long been available, though not necessarily in English.

"Ian Swafford, a composer and the author of the acclaimed "Charles Ives: A Life With Music," presents a sprawling portrait of Brahms heavily based on earlier publications, from the biographies of Max Kalbeck (1904-14) and Florence May (1905) to recent studies, all liberally interpreted. Syra Avins, a cellist and teacher, serves up a rich compilation of Brahms correspondence, mostly the cor-

porer's own writings, in translations carried out with her husband, Josef Eisinger, a retired professor of physiology. The books duplicate each other substantially, and much of the material in both will be familiar to Brahmsians on any level. Yet nonspecialists will find at least one revelation, which calls into question a beloved bit of Brahms lore, and it comes early in Avins's book.

Even if Brahms himself speaks of having "played the piano at night in bars," Avins quotes the German scholar Kurt Hoffmann as having written, "it is out of the question that these were disreputable saloons."

Set alongside Swafford's book, this seemingly innocuous claim is little short of a bombshell. It challenges the notion, established by Kalbeck and still widely accepted, that Brahms, for several months, beginning before his 13th birthday, was forced by his ignorant, impoverished parents to play piano through the night in brothels near the docks in his native Hamburg. "Not only is there no evidence that Brahms played in low-class dives of the sailors' quarter," which was in the outlying area of St. Pauli, while Brahms lived in the city near the Alster Pavilion, Avins writes, "there is also no evidence, only perpetuated rumor, that Brahms played anywhere at all before he was 14 years old."

What makes the point significant is that Swafford, like others before him in varying degrees, sees this supposed bit of biography as a corner-

stone of Brahms's personality, aloof, misogynistic and often crude, and presents it as a recurring theme. "The effects...on him were deep and indelible," Swafford writes.

"The abuse he suffered in dives was a kind of tragedy; it created a dangerous fissure in his psyche.... In ways both clear and unsearchable, the Singing Girls marked and molded what he became, so it molded his art."

Or not. The Hofmann quote, along with other information suggesting that the setting of Brahms's childhood was far less squalid and impoverished than commonly thought, comes from Hoffmann's book "Johannes Brahms and Hamburg," as issued in 1986. Swafford's failure to address this material, though his bibliography lists a Hofmann opus from 1993, is a devastating lapse.

Still, Swafford proves an interesting guide through Brahms's life. And his penetrating eye finds undercurrents in the correspondence that elude Avins's mounting tensions in the relationship between Brahms and Robert Schumann's widow, Clara, for example, even before they broke off their romance.

Swafford does not go easy on his subject. He lays a heavy responsibility on Brahms in relation to the death of the added Robert Schumann in 1856. Schumann spent more than two years in an asylum following a suicide attempt, and, Swafford suggests, was settled on a course of slow starvation after, among other things a "too candid" letter from

Brahms in late 1854, lamenting Clara's absence on a performing tour as pianist.

In addition to substantial discussions of Brahms's music (seldom demanding much technical knowledge of the reader), Swafford provides a rich historical context. His analysis of Brahms's performing career as pianist and conductor is especially fascinating, pointing up areas pertinent to the concert scene today.

But some of the book's length results from sheer unnecessary repetition, and the production strains at the seams with, among other things, wholesale misnaming of footnotes.

The length of Avins's book is better justified by her welcome inclusiveness. Under her ministrations, Brahms reveals himself in worksday as well as transcendent moods. He is, as always, a bundle of contradictions: gruff and tender, mean-spirited and magnanimous, lonely and independent, reactionary and progressive, Petty and grand.

To preserve his own voice as much as possible, the translations try to retain the rough edges of his careless prose style, perhaps to a fault. Clumsiness does not translate literally from one language to another any more than eleg-

ance does.

A VINS's own contributions are terse and often illuminating. Although she could not hope to provide a complete biography in the interests, she supplies fascinating illustrations, a helpful chronological table and other tools.

Still, the reader does not always know where to expect explication of obscure references in the letters: whether in the text preceding or following, in footnotes on the page or additional notes at the back of the book, or in the section of biographical sketches.

In all biography, uncertainties, ambiguities and mysteries abound. In the case of Brahms, such problems are multiplied. He systematically destroyed not only his inferior works and the early traces of his published ones but also letters and other documents, all with the purpose of covering his tracks and confining the historical record to whatever his finished music might have to say.

Fortunately, the two books together give a pretty thorough picture of what escaped his vandal grasp.

New York Times Service

BRIDGE

By Alan Truscott

THIS year the Eastern Regional Championships, normally in Manhattan, were played in Connecticut. Thirty years ago it was the other way round: the Long Island Regional Championships were played in Manhattan. On that occasion, John Percy found himself playing the South cards in seven diamonds redoubled. Notice that seven no-trump would have succeeded, but seven hearts would have been defeated by an immediate diamond ruff.

The opening club lead gave

the 10. He led the diamond jack and was not particularly surprised when East proved to have five trumps. The only hope, a rather poor one, was that East would be able to follow to two more rounds of clubs and three rounds of hearts. Accordingly Percy cashed two club winners and three heart winners, breathing a sigh of relief when East was unable to ruff. South threw two spades from dummy on the clubs, cashed the spade ace and continued hearts. Whether East ruffed or not did not matter. He was helpless in the face of the impending crossover and the re-doubled grand slam was made.

West led the club three.

NORTH
A 8 5
V K 9 4 3
6 X 1 6
4 10

WEST
Q J 10 6 3 2
7 8
O 7 5
6 8 7 3 2
4 15 5 3 2

EAST
4 K 7
O 8 5
P 6 4
P 5 3
P 4 2
P 3 1
P 2 0
P 1 9
P 0 8
P 0 7
P 0 6
P 0 5
P 0 4
P 0 3
P 0 2
P 0 1
P 0 0

SOUTH (D)
5 4
V A Q 2
A Q 9 5
A K Q 9
Both sides were vulnerable. The bidding:
South: West: North: East:
1 A: Pass: 1 V: Pass
2 0: Pass: 3 0: Pass
3 0: Pass: 4 N.T.: Pass
5 0: Dbl: 5 R.T.: Pass
Pass: Pass: Redbl: Pass
Pass: Pass: Redbl: Pass

New York Times Service

Class Fatalism Pervades Old-Fashioned 'Titanic'

By Steven J. Ross

LOS ANGELES — For all its money and modern technological wizardry, "Titanic" is an extremely old-fashioned movie that reinforces conservative ideas about the inevitability of class hierarchy and class injustice in America. Its approach to class relations, in fact, is remarkably similar to the seemingly liberal but ultimately

portray working people as salt-of-the-earth types who frequently beat their so-called "betters." This is evident in "Titanic," where scenes show the working-class artist Jack Dawson triumphing over wealthy Cal Hockley in dinner conversation and in winning Rose DeWitt Bukater's love.

Yet beneath the liberal veneer of "Titanic" and cross-class fantasies of the 1920s are highly conservative attitudes toward class relations. Mr. Cameron concedes a sense of moral superiority to his blue-collar protagonists — but in the end it is the rich who triumph, while the poor return to their "proper" place.

Unfortunately, in "Titanic," that place is at the bottom of the sea: Most of the working-class passengers perish while the rich survive. What sort of triumph is that?

There is a fatalism at work in "Titanic" that suggests this is the way it was and always will be: there is nothing anyone can do to remedy the situation in which the so-called inferior class constantly is oppressed by the superior class. It is this sense of class despair and defeat that makes "Titanic" politically conservative.

Could "Titanic" have been any different? Sure. If working-class people are the betters in the film, then let the rich die and the poor survive.

But this still would not change the film's basic class pessimism. To do that, Mr. Cameron and his peers would have had to learn from earlier filmmakers who told audiences that nothing was inevitable and offered them visions of how things could be different.

Rather than simply acknowledging the inequalities of wealth and power in society, "Titanic" offers a blueprint for change. They depicted a unified working class using strikes, unions and third parties to transform a nation.

In an era of growing poverty and corporate downsizing, these are messages worth telling again and again.

The writer, a University of Southern California history professor, is author of the forthcoming "Working-Class Hollywood: Silent Film and the Shaping of Close in America." He contributed this comment to the Los Angeles Times.

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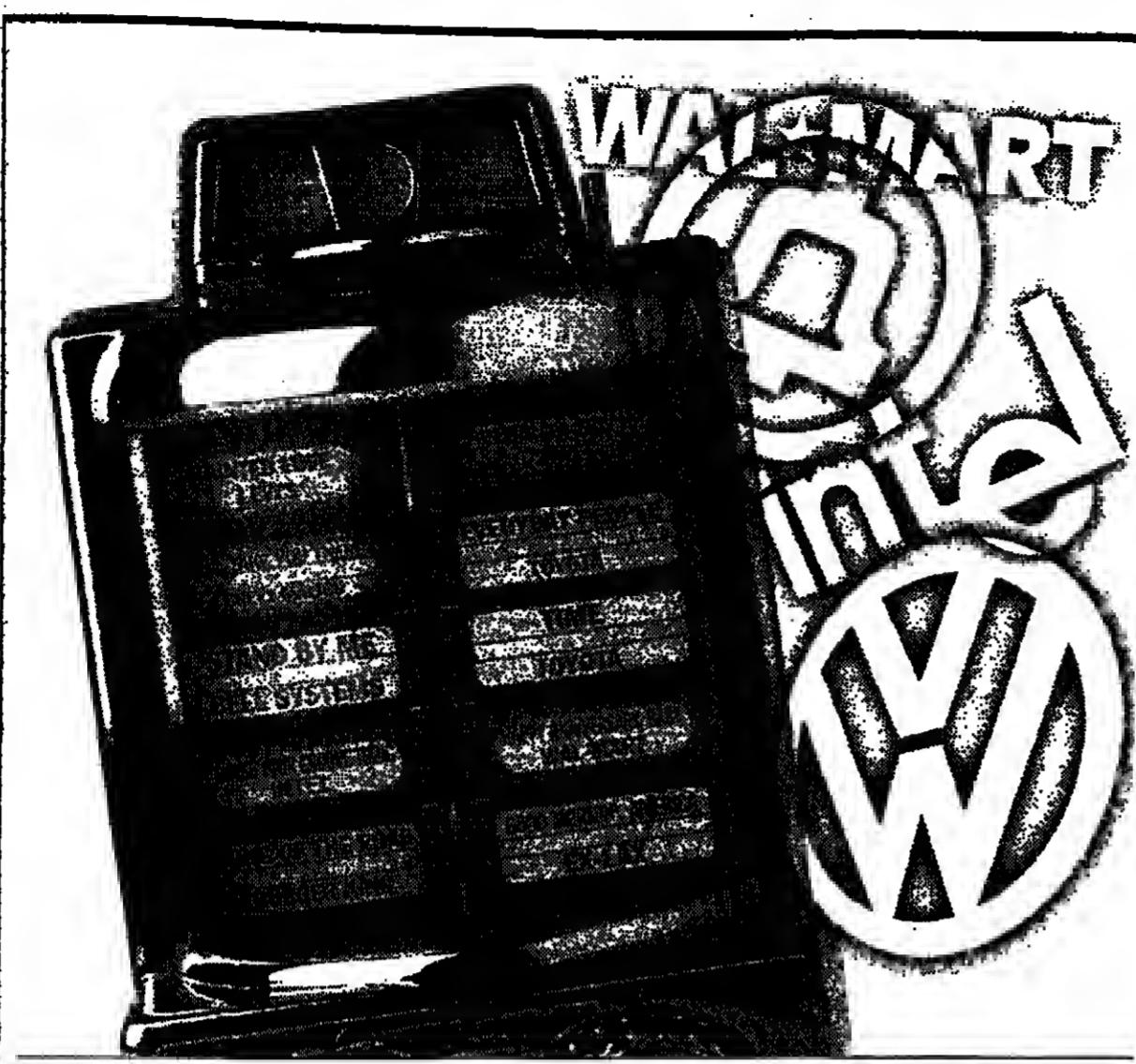
Herald Tribune

BUSINESS / FINANCE

THURSDAY, JANUARY 8, 1998

PAGE 11

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The Washington Post

TV Ads: They're Playing Our Song

As the Jingle Fades Out, Sponsors Turn to the Golden Oldie

By Paul Farhi
Washington Post Service

WASHINGTON — The American advertising jingle is dead. The causes of its demise are widely debated, but not the fact of it.

Gone: "Act is the place with the helpful hardware man." Gone: "The heartbeat of America/That's today's Chevrolet." Very gone: "When you say Budweiser/You've said it all!"

It's been a while since Toyota claimed "I love what you do for me," when Levi's sang "the 501 blues," when Contadina revealed itself as the company that "put eight great tomatoes in that little bitty can." Those were the days when AT&T advised Americans to "reach out, reach out and touch someone" and Continental Airlines would "really move its tail for you."

They don't say that any more.

Advertising still sings, but these days the tune is likely to be one that's

also playing on an oldies radio station. Toyota's old, made-for-TV musical slogan has given way to knock-offs of Sly and the Family Stone's 1969 hit, "Everyday People." Intel Corp.'s commercials star hooded workers who disco dance to the strains of such 1970s hits as "Stayin' Alive" and "Shake Your Groove Thing."

Burger King — once the home of "Hold the pickle, hold the lettuce/ Special orders don't upset us" — has co-opted more than 30 popular tunes from the Everly Brothers' "Wake Up Little Susie," to a remodeled "Shant."

AT&T drafts Patsy Cline to sing "Walking After Midnight" from beyond the grave.

And not out but two laxative makers have jumped on the trend: Ex-Lax puts consumers in a mellow mood with the folksie "Good Morning, America," while Senokot employs a version of — yes — James Brown's "I Feel Good."

None of these tunes, of course, are jingles in the time-honored sense of the word.

Jingles have always been original pieces of music written with the intent of wiring the sponsor's name into the collective consumer consciousness.

With enough repetition, they linger in some small corner of the gray matter years after the ads themselves have disappeared. Just try to disassociate the following musical fragments from the sponsor or product it was designed to promote: "Plop! Plop! Fizz! Fizz!"; "Sometimes you feel like a nut/Sometimes you don't"; "You can trust your car/To the man who wears the star."

But that kind of jingle now seems outdated.

Only a handful of national advertisers — Coca-Cola, Sears and 7-Up, among others — have dared to introduce major ad campaigns featuring

See JINGLES, Page 15

Toyota's Camry Is Best-Selling U.S. Car

Bloomberg News

DETROIT — Toyota Motor Co. said Wednesday that it sold 397,156 Camry cars in the United States in 1997, beating Honda Motor Co.'s Accord and Ford Motor Co.'s Taurus to become the year's best-selling car.

Toyota and Honda offered cut-rate leases that began in December in an effort to sell the most cars by the end of 1997. Bragging rights to the title gives Toyota an immediate marketing advantage in 1998, when the U.S. car market is expected to become increasingly tight.

"It gives credibility to the advertising claims," said Bob Schnorbus, director of automotive analysis for J.D. Power & Associates in Troy, Michigan. "It's more than a nice window-dressing for what was a successful year for the model — it sets the stage for this year."

Camry sales rose 11 percent from 1996. Honda sold 384,609 Accords, an increase of 0.9 percent in a year in which the car underwent a major redesign. Sales of the Taurus, the 1996 top-seller, fell 11 percent, to 357,162 units, as Ford cut back on low-profit sales to rental-car fleets.

The weakened Japanese yen, which lost 13 percent of its value against the U.S. dollar in 1997, gives Japanese automakers flexibility to lower prices in the U.S. market and take more profit back to Japan.

The Japanese and the Koreans are willing to cut margins more aggressively than they have been in the past," Mr. Schnorbus said. "That will put pressure on the Big Three, who will strive to protect market share."

Ford made a deliberate decision not to subsidize Taurus sales by lowering sticker prices or making low-profit sales to rental companies and other fleet operators, said Jim Gillette, vice president of IRN Inc., a market research firm in Grand Rapids, Michigan.

The Big Three automakers "are shifting from volume maximization to profit maximization," Mr. Gillette said.

About 50,000, or 13 percent of the Camry cars went to fleets, about the same number as in past years, said David Illingworth, general manager of Toyota's U.S. division. "We did shift some advertising dollars," he said.

The title of best-selling car is diluted

somewhat by the fact that cars rank second in overall sales to light-duty trucks, Mr. Gillette said.

Ford Motor Co.'s F-series pickup truck is the best-selling U.S. vehicle overall, with sales of 746,111 units last year, a drop of 4.1 percent from 1996.

However, the claim of best-selling truck does not carry as much weight in advertising, Mr. Schnorbus said.

"It's going to have less of a draw that the car side where you have a much bigger selection," he said.

■ Toyota Sets Higher Sales Goals

Toyota aims to sell a total of 5.06 million vehicles globally this year, a company spokeswoman quoted the carmaker's president, Hiroshi Okuda, as saying Wednesday. Reuters reported from Tokyo.

For 1997, Japan's biggest automaker expects to have sold about 4.80 million vehicles worldwide, she said. The spokeswoman said that Mr. Okuda had told employees that the company had set sales goals of 2.14 million vehicles in Japan and 2.92 million vehicles in overseas markets in 1998.

Analysts had expected

Apple to report a loss of 6 cents a share for the quarter. In the first quarter a year ago, Apple reported a net loss of \$120 million, or 96 cents a share, on revenues of \$2.1 billion.

The announcement sent the company's stock, which has traded near historic lows in recent weeks, soaring by 20 percent. Shares closed at 18.9375, a gain of 3.0625, on volume of 16.2 million shares, the most actively traded stock in U.S. markets.

Mr. Jobs's surprise was the first positive news that Apple has been able to muster since the fourth quarter of 1996, when the company's chairman at the

time, Gilbert Amelio, reported a razor-thin profit of \$25 million on revenue of \$2.3 billion.

But even Mr. Jobs was quick to acknowledge that the good news does not suggest that Apple, which has careened from crisis to crisis under a series of official and interim chief executives in the last three years, has proved it is on a steady turnaround track.

"Who knows what's going to happen next quarter," he said. "We're going to be burning the midnight oil."

Apple still faces skeptics who say that the company has only a slim chance of reversing the erosion of its markets by

making," Martin Panggabean, an economist at Lippo Securities, said. He added that he believed the government would work hard to keep inflation down to allow 4 percent growth.

"But on the 4,000 rupiah, is this realistic?" Mr. Panggabean asked.

Indonesia is the world's fourth most populous nation, with 200 million people. There are fears of social unrest after big increases in prices of basic foods such as rice.

(Bloomberg, AFP, AP)

■ Seoul's Trade Surplus Soars

South Korea on Wednesday posted a record monthly current account surplus in December but economists said foundations of the improvement were shaky, since it was generated by a drastic fall in imports, Reuters reported from Seoul.

Since South Korea relies heavily on imports of raw materials and components for exports, drops in imports could lead to a quick slowdown in export sales several months later, they said.

The Bank of Korea, the central bank, said the December current account balance was a record monthly surplus of \$3.64 billion, compared with a \$1.85 billion deficit a year ago.

Indonesia Asks Business Support

In Budget Presentation, Government Assures It Can Handle Crisis

Compiled by Our Staff From Dispatches

JAKARTA — The government met with about 200 Indonesian business leaders Wednesday to try to garner support for the 1998-1999 budget, telling them they can trust the government to overcome the current monetary crisis.

"After meeting with the economic ministers, we are more optimistic that economic growth can be 4 percent in the fiscal year, perhaps even higher if oil exports are bigger," said Iman Taufik, deputy chairman of the Indonesian Chamber of Commerce and Industry.

Some private economists say the forecasts are unrealistic and that the economy may be headed for a recession in 1998.

The budget, aimed at steering Indonesia out of its worst economic crisis in decades, "will have a very, very limited impact on the economy," said Didik Rachibini, an economist of the Institute of Development, Economy and Finance.

Mr. Rachibini said the only part of the plan that could help alleviate the economic burden was the development budget, which would fund "labor-intensive projects to absorb the spill of unemployed workers from sectors se-

verely affected by the economic crisis."

Indonesia's labor minister has predicted that the ranks of the unemployed could swell by almost 50 percent to at least 6.5 million in 1998.

"We are now facing a very serious problem," Abdul Latief said Tuesday in remarks reported by the Antara news agency.

The meeting Wednesday, chaired by Saleh Aiffi, the coordinating minister for development supervision, was attended by Finance Minister Mar'ie Muhammad and Minister of Trade and Industry Tungky Ariwibowo.

The government unveiled the fiscal 1998-1999 budget Tuesday, which anticipates spending of 1.33.4 trillion rupiah (\$16 billion).

For purposes of the budget, it was assumed that during the fiscal year inflation would be at 9 percent and growth at 4 percent. Average oil prices were estimated at \$17 per barrel and the rupiah's exchange rate was calculated at 4,000 to the dollar.

The rupiah plunged to a record low of 8,375 to the dollar Wednesday.

"The government is taking great risks with the assumptions they are

making," Martin Panggabean, an economist at Lippo Securities, said. He added that he believed the government would work hard to keep inflation down to allow 4 percent growth.

"But on the 4,000 rupiah, is this realistic?" Mr. Panggabean asked.

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■ Apple Sees Profit, but Skeptics Abound

By John Markoff
New York Times Service

SAN FRANCISCO — Wall Street analysts were stunned, and some were skeptical, when Apple Computer's acting chief executive, Steve Jobs, said the company would report a \$45 million profit for the quarter on revenue of \$1.575 billion.

"Steve Jobs has a really serious challenge going forward," said Dan Lavin, a senior industry analyst at Dataquest, a market research company in San Jose, California. "The biggest challenge is stopping the bleeding, and they showed some signs today, but they didn't prove it."

Apple's share price reflected that skepticism Wednesday as it fell \$1.4375 to close at \$17.50.

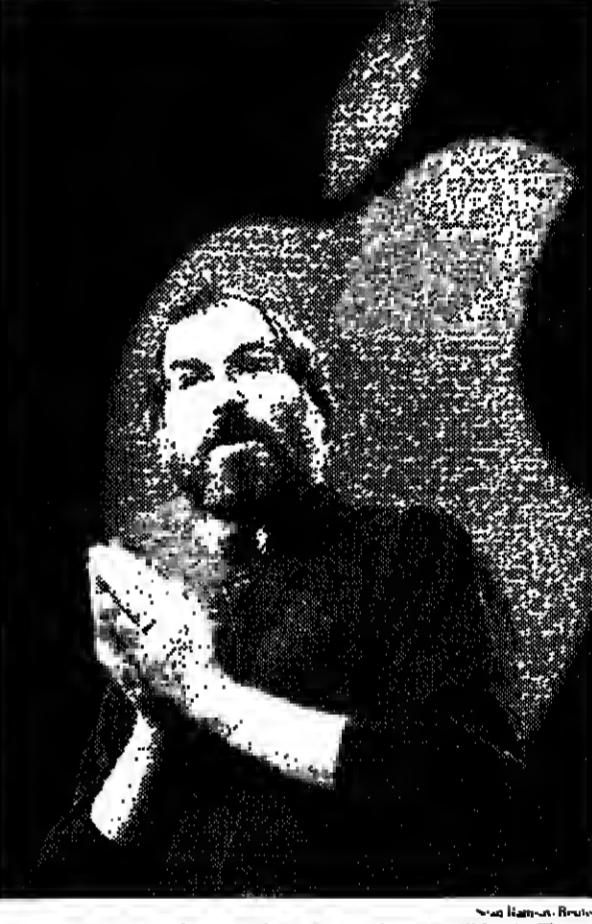
The announcement Tuesday, which was delivered a week before the computer maker is scheduled to report its first-quarter financial results for 1998, was delivered with Mr. Jobs's characteristic flair: as a seeming afterthought that punctuated a 90-minute speech before a crowd of more than 4,000 Macintosh enthusiasts.

Analysts had expected

Apple to report a loss of 6 cents a share for the quarter. In the first quarter a year ago, Apple reported a net loss of \$120 million, or 96 cents a share, on revenues of \$2.1 billion.

The announcement sent the company's stock, which has traded near historic lows in recent weeks, soaring by 20 percent. Shares closed at 18.9375, a gain of 3.0625, on volume of 16.2 million shares, the most actively traded stock in U.S. markets.

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Mr. Jobs addressing the faithful at the MacWorld Expo.

— Dan Lavin

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But even Mr. Jobs was quick to acknowledge that the good news does not suggest that Apple, which has careened from crisis to crisis under a series of official and interim chief executives in the last three years, has proved it is on a steady turnaround track.

"Who knows what's going to happen next quarter," he said. "We're going to be burning the midnight oil."

Apple still faces skeptics who say that the company has only a slim chance of reversing the erosion of its markets by

■ Apple Sees Profit, but Skeptics Abound

Charles Wolf, a financial analyst at First Boston, said: "I did not expect this; everything was pointing to a loss. But it does show that he's got the company focused and executing."

Mr. Jobs said Tuesday that initial sales of the company's latest computers, based on the new PowerPC G3 microprocessor produced by Motorola, would sell at least one million machines by the end of the year. About a third of all of Apple's sales now are newer models based on the more powerful chip, he said. The company shipped 130,000 machines this quarter — 50,000 more than expected.

Those ratios, if maintained, would suggest that Apple could sell 3 million computers in fiscal 1998. Although that would represent a decline, it is above industry forecasts of about 2.6 million.

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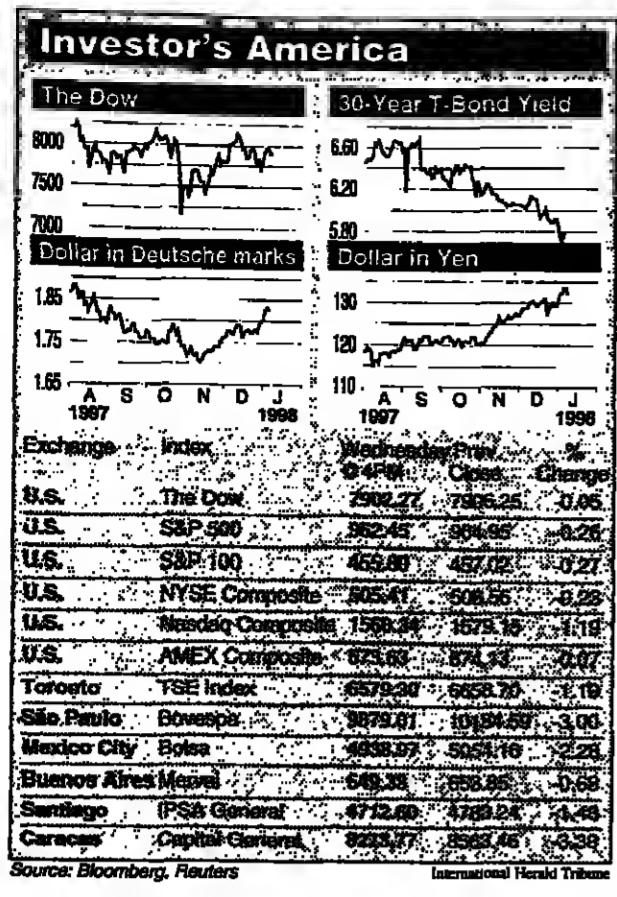
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THE AMERICAS



Very briefly:

- Paragon Trade Brands Inc. sought bankruptcy protection after losing a patent-infringement ruling on disposable diapers that could leave it liable for as much as \$180 million in damages to Procter & Gamble Co.
- McDonald's Corp. plans to invest \$35 million in Argentina in 1998, adding 35 restaurants to its current 110, in the first stage of plans to double its presence in the country by 2000.
- The U.S. Justice Department asked a federal court in Texas to put on hold a decision striking down key portions of the 1996 law that deregulated the American telecommunications industry; the decision on Dec. 31 said the law unconstitutionally kept the regional Bell companies out of the \$80 billion domestic long-distance market.
- Republic Industries Inc. agreed to buy four closely held companies that operate 41 auto dealerships for \$257 million in cash or stock, adding to the holdings of the company's chairman, Wayne Huizenga, in Florida, Texas and Georgia.
- Raytheon Co. and Jaguar PLC said they had jointly developed a luxury version of a Raytheon airplane.
- J. Ira Harris, a top investment banker at Lazard Freres & Co., left the firm to join the Pritzker family's investment company as a vice chairman, Lazard said.

Suit Questions Auditors' Rules

By Melody Petersen
New York Times Service

Accused of being too cavalier about conflicts that might impair their ability to get tough with clients, American auditors argue that they should be allowed to police themselves, as they always have.

Now comes a case, headed for trial this month in California, that puts that way of thinking to the test. In the case, auditors from KPMG Peat Marwick are under attack for repeatedly ignoring signs of their waning independence from a real estate company whose financial reversal cost 20,000 teachers about \$100 million in losses. The accounting industry's trade group has sided with KPMG in arguing that the public expects too much from auditors.

Lawyers for the teachers accuse the accounting firm of failing to step down as auditors despite several conflicts of interest that its Orange County office had with the company's watchdog. In 1987, a re-

quired KPMG partner who had long shared responsibility for the account bought a majority stake in the company. The former partner thus became the client.

Besides serving as the company's auditor, KPMG did consulting work for the company and hoped to do more. And when the company could not pay what the accounting firm, KPMG essentially became a reluctant lender.

Under prevailing industry rules, the unpaid fees alone could con-

stitute enough of a problem to require an auditor to step down.

"This was a breakdown of ethics in the pursuit of money," said Ronald Rus, a lawyer at Rus, Milliband, Williams & Smith in Irvine, California, who is representing the teachers. "It was greed. That is what this is all about."

KPMG called the allegations made by the teachers' lawyers "irresponsible." The firm is defending itself vigorously. KPMG has already persuaded the court to dismiss allegations that it was negligent and said it "is confident that the only remaining claims will be rejected when all of the facts are presented to the court."

The case comes at a time when securities regulators have already expressed concern that the major accounting firms, known as the Big Six, are poorly monitoring their independence from the companies they audit.

Pending mergers between four of the Big Six are only likely to raise the number of conflicts as firms that now consult for companies also turn up as their auditors. KPMG is merging with Ernst & Young, a deal that will bring together two powerful auditing and consulting practices.

Officials at the Securities and Exchange Commission would not comment. But according to accounting experts, the dispute underscores how outdated the current independence standards are.

said anything was wrong. And they were the watchdogs."

According to court records, through the years, KPMG became much more than the company's watchdog. In 1987, a re-

quired KPMG partner who had long shared responsibility for the account bought a majority stake in the company. The former partner thus became the client.

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Dollar Slips Amid Rumors of Intervention

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was lower late Wednesday against the yen and fell against other major currencies amid speculations that Japanese and U.S. officials meeting in Washington might plan coordinated sales of the U.S. currency.

The dollar was quoted at 4.155 yen, down from 4.135 yen on Tuesday.

While Mr. Sakakibara was in the United States to explain recent plans

to revive the Japanese economy,

some traders worried he might ask U.S. officials to sell dollars.

"There's circumstantial evidence to make us concerned that Japan can convince the Americans that stabilizing the yen is a good idea," said Tim Stewart, a currency strategist at Morgan Stanley, Dean Witter, Discover & Co. in New York. That concern has prompted many traders to sell dollars, he said. Others traders said, however, that the yen was unlikely to strengthen further, even if

Mr. Sakakibara was successful.

"It's a case of buy on the rumor and sell on the fact," said Nick Berlack, a currency trader at Commonwealth Bank of Australia.

The dollar has cracked off three or four yen. The damage is finished."

Haruhiko Kuroda, head of the Finance Bureau, heightened speculation Wednesday that officials may urge central banks to help bolster the yen, saying, "We're concerned about the excessively weak yen," Dow Jones reported.

Other analysts blamed the dollar's weakness on reports of intervention by Canada's central bank, which appeared to have been buying yen.

The intervention, if confirmed, may have been part of an effort by the Group of Seven industrial nations to stem the dollar's rise, analysts said. (AP, Bloomberg)

America Online Sues E-Mailers

Bloomberg News

DULLES, Virginia — America Online Inc. said Wednesday it filed suit against three bulk electronic-mail companies, seeking to stop them from sending unsolicited advertisements to its members.

AOL is suing IMS, Gulf Coast Marketing, and TSF Marketing in U.S. District Court in Virginia.

AOL has been trying to stop bulk e-mailers from clogging its members' mailboxes with advertisements, which are sometimes for sexually oriented World Wide Web sites.

U. S. STOCK MARKET DIARY

Wednesday's 4 P.M. Close
The 300 most traded stocks of the day, up to the closing on Wall Street.
The Associated Press.

Stock Sales High Low Lastc. Chg. Optn.

AMC 221 274 220 228 -1/8

AMF 220 225 220 225 -1/8

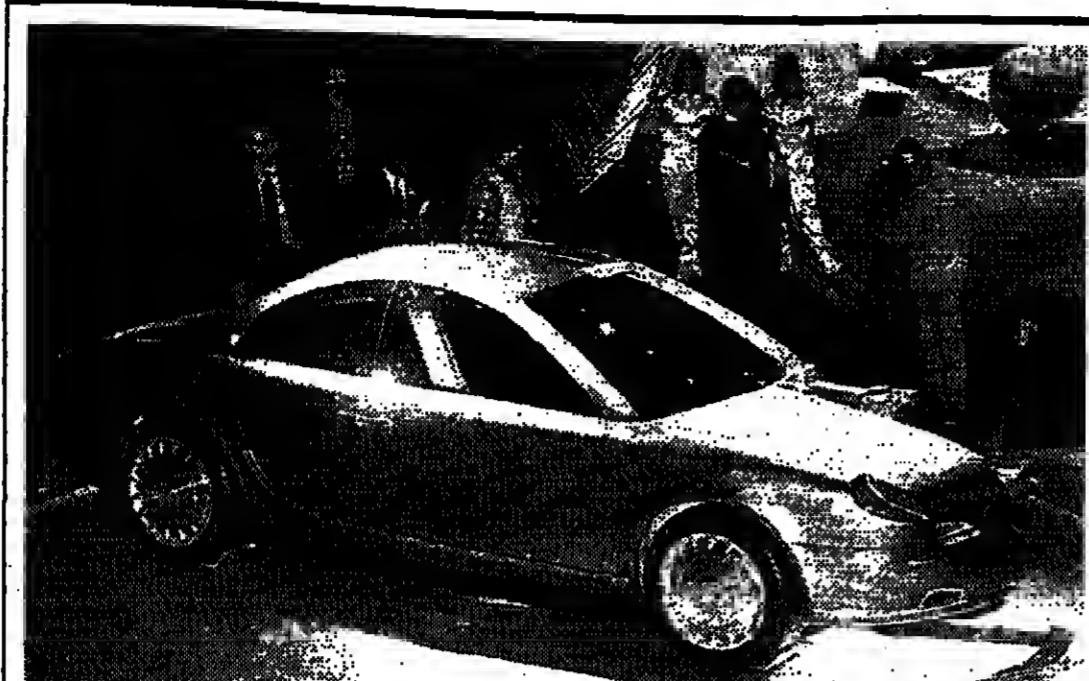
AMR 220 225 220 225 -1/8

AMT 220 225 220 225 -1/8

AMT

Russia

The interior of the Koenigsegg C9 is shown. The car is made of aluminum foam, which is lighter than normal materials. It has a top speed of 200 mph and a range of 300 miles.



LIGHT AS FOAM — A car made with aluminum foam by Wilhelm Karmann being presented in Detroit on Wednesday. The foam is up to 50 percent lighter than normally used materials.

GM Considers Job Cuts in Europe

Carmaker May Trim Up to 30% of Its Work Force Over 5 Years

Reuters

FRANKFURT — Adam Opel AG, faced with newspaper reports that thousands of jobs might be in danger at its European plants, said Wednesday that no concrete plans for cuts had been drafted by General Motors Corp., its parent company.

Reports said Wednesday that GM, the world's largest carmaker, planned to begin a campaign to prune its European work force by 20 percent to 30 percent over the next five years.

The brunt of the cuts were likely to be absorbed by GM's operations in Germany, which are deemed to have high operating costs, the reports said on the basis of interviews with GM's chief executive, John Smith, and with Louis Hughes, who oversees GM operations outside North America.

Mr. Smith was quoted as saying the cuts were necessary because of growing competition. He also said that GM's rapid expansion into emerging markets may have eroded its competitiveness in Europe.

Mr. Hughes was quoted as saying that the job cuts did not amount to a retreat from Europe.

An Opel spokesman, asked

whether job cuts were looming, said: "There are no concrete plans at the moment."

The statements by Mr. Smith and Mr. Hughes at the Detroit auto show came at a sensitive time as Opel also said Wednesday that it was close to a deal with its workers' representative council on job-security issues.

The Opel official said there was a good chance a new pact would be reached in coming weeks, ending difficult negotiations.

"Opel has always tried to ensure the competitiveness of its German operations and will continue to do so," the Opel spokesman said, adding that the group would keep its policy of avoiding forced layoffs in the event of job cuts.

Company officials, however, said that a proposal on job cuts would likely be presented to GM management in February.

Mr. Smith said the measures would be put into effect "in the coming months."

He said GM wanted to cut costs in Europe, which account for 60 percent to 70 percent of costs. GM studies have shown that costs in the European operation have risen 25 percent since 1992, to \$9.37 billion. The work force has been slashed from 93,000 workers in 1990, to about 80,000.

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EU Remains Confident Of 3% Growth in 1998

Asia Crisis to Have Only 'Marginal' Effect

Compiled by Our Staff From Dispatches

BRUSSELS — The European economy will record its fastest growth in nearly a decade this year, underpinned by the Asian financial crisis, the European Union monetary affairs commissioner, Yves-Thibault de Silguy, said Wednesday.

He added that the European Commission continues to forecast 3 percent growth in the EU, noting that only 2.2 percent of the 15-candidate bloc's economy depends on exports to Asia.

"This crisis will have a marginal impact on European growth and will have no effect whatsoever on the transition to the single currency," Mr. de Silguy said at a news conference. "All the indicators are fine."

The commission's optimism was voiced as independent economists grew increasingly doubtful whether Europe will escape unscathed from Asia's currency devaluations and financial market tremors.

The Organization for Economic Cooperation and Development, a think tank in Paris for the advanced economies, last month trimmed its EU growth forecast to 2.6 percent or 2.7 percent from 2.8 percent.

The European Commission, the EU's executive agency, made its forecasts in October, when the Asian crisis appeared to be limited to Thailand and neighboring Southeast Asia.

Asian economies, since then, it has spread as far as South Korea, the recipient of a \$60 billion bailout led by the International Monetary Fund.

EU banks have outstanding loans of \$364 billion to Asia, Mr. de Silguy said. Half the lending is to Hong Kong and Singapore, two of the least-damaged economies in the region, he noted.

The EU economy expanded an estimated 2.6 percent last year, according to the commission. The forecast of 3 percent for this year was last topped in 1989, when the economy grew 3.5 percent.

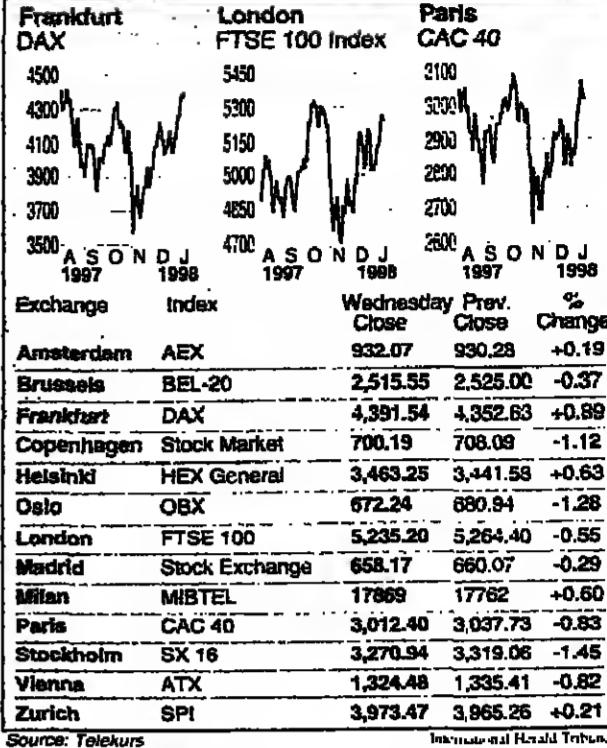
Mr. de Silguy also hinted at a possible compromise in the dispute over who will become head of the European Central Bank, saying the first chief could choose to serve for only half his eight-year term.

The remark indicated that EU governments might decide to split the first central bank chief's mandate and avoid a humiliating defeat for either France or the Netherlands.

Each has put forward candidates for what will be one of the most powerful jobs in international finance.

Although the commission has no power to influence the choice, it has expressed concern that prolonged political haggling over the issue could undermine the credibility of the new currency. "We want this settled quickly," Mr. de Silguy said. (Bloomberg, Reuters, AFP)

Investor's Europe



Source: Telekurs

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in Sight

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Gold
to shore up

Value

certified

value

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value

certified

value

Wednesday's 4 P.M. Close

The 2,400 most traded stocks of the day.
Noteworthy prices not reflecting any trades elsewhere.
The Associated Press.

**12 Month
High Low Stock**

Div Yld PE 100 High Low/Lated Chgs

**12 Month
High Low Stock**

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management

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Div Yld PE 100 High Low/Lated Chgs

Continued on Page 16

1998

NASDAO

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

WORLD ROUNDUP

Rafter Recovers

TEMPE, Ariz. — Pat Rafter fought back from 1-4 down in the third set Wednesday to beat Carlos Moya, 7-5, 1-6, 7-6 (8-6), as Australia beat Spain by 2-1 in the Hopman Cup.

Arantxa Sanchez Vicario had beaten Annabel Ellwood of Australia by 6-2, 6-4 in the opening singles. Rafter and Ellwood then defeated for a 7-5, 6-2 victory in the deciding doubles.

South Africa also came from behind to beat Germany, 2-1. Wayne Ferreira and Amanda Coetzer sealed the victory when they downed Tommy Haas and Anke Huber, 6-2, 6-2, in the doubles.

In Adelaide on Wednesday, Andre Agassi made the most of an overnight rain delay. Agassi trailed Sargis Sargsian, 6-4, 3-2, when play was stopped Tuesday. When the match resumed Agassi won 12 of the next 15 games to take the match, 4-6, 6-3, 6-3.

The top-seeded Jonas Bjorkman lost his second-round match to Jason Stoltenberg, 7-5, 6-1.

• Yevgeny Kafelnikov of Russia, ranked No. 5 in the world, withdrew from the Australian Open because of a knee injury. (AP)

Fat Contract for Allen

FOOTBALL Larry Allen, a 326-pound tackle, became the highest paid offensive lineman in National Football League history when he re-signed with the Dallas Cowboys. Terms of the six-year deal were not disclosed on Tuesday, but the Cowboys confirmed the contract made Allen, 26, the highest-paid offensive lineman. Broadcast reports said it was worth \$24 million.

Barry Switzer, the Cowboys' coach, was out at the news conference, which could indicate that he is on his way out after a 6-10 season.

• Joe Bugel has been dismissed as head coach of the Oakland Raiders after one year in the job. Bugel led the Raiders to a 4-12 record, their worst in 35 years. (AP)



Larry Allen, who will receive \$24 million from the Cowboys.

Atapattu Hits Century

CRICKET Marvan Atapattu hit his second test century on Wednesday to pilot Sri Lanka to 265 for four wickets at the close of the opening day of the first test against Zimbabwe in Kandy. Atapattu finished the day not out on 129. (Reuters)

Kickboxer Dies in LA

KICKBOXING Redoue Bougara, a French-born kickboxer hit with several punches to the head during a weekend bout, died of brain injuries at Daniel Freeman Hospital in Los Angeles.

Bougara, 23, was married a week ago. He was fighting Malik Borashov of Russia in a drak, a form of Russian martial arts that combines kickboxing and wrestling and allows kicking and punching to the head. They each wore gloves. (AP)

Reflections on the Whacking That Made a Sport Soar

Figure Skating 'Owes' Harding For '94 Attack

By Jere Longman
New York Times Service

PHILADELPHIA — Even now, four years later, Nancy Kerrigan's coach says he gets a sinking feeling every time he even thinks of Detroit.

"I never want to go to that city again," the coach, Evi Scotvold, said. "Isn't that weird? It's certainly not the city's fault."

The Olympic figure skating trials began in Philadelphia on Tuesday, on the fourth anniversary of the attack on Kerrigan by associates of Tonya Harding.

On a snowy Jan. 6, 1994, at the Olympic trials in Cobo Arena in central Detroit, Shane Stant clubbed Kerrigan's right knee with a collapsible baton in the most horrifying, embarrassing and ultimately heinous moment in the history of the sport.

The idea that one athlete would seek to inflict harm upon another, especially in a sport thought to be as gentle as figure skating, delighted and riveted a nation for three months, sending television ratings through the roof during the Winter Olympics and helping to make figure skating the most popular U.S. television sport outside of the National Football League.

In 1994, huge numbers of women were already watching figure skating, while artistry and choreography are as important as athleticism. What Kerrigan and Harding did was to take figure skating from sport to soap opera and launch it like a triple axel into popular culture. The result was a large male audience and huge television ratings.

"Men had a revelation," said Brian Boitano, the 1988 Olympic champion, referring to the increased interest in the sport generated by Kerrigan and Harding. "Men control networks and sponsorship dollars."

Four years later, teenage stars like

Tara Lipinski and Michelle Kwan, along with Olympic champions like Boitano and Kristi Yamaguchi, can now make more than a million dollars a year.

Recently, the U.S. Figure Skating Association extended its broadcast contract with ABC, the U.S. network, for \$100 million over the next 10 years.

CBS, which is broadcasting the 1998 Winter Olympics in the United States, is expecting mega-ratings for figure skating next month during the Nagano Games although they are not likely to top the 48.3 that Harding-Kerrigan generated for the ladies' short program on Feb. 23, 1994, the third-highest-rated



Tara Lipinski, the world figure skating champion, practicing a camel spin at the U.S. Championships.

sporting event ever. Each rating point equals one percent of all television households in the United States.

"It's absolutely mind-boggling how figure skating became so popular because of that incident," said Frank Carroll, who coaches Kwan. "As much as we put down Tonya Harding, women's sports, figure skating in particular, owe her a great debt of gratitude. But it was a terrible, regrettable way to go about it."

Harding, who finished eighth at the 1994 Winter Games in Lillehammer, Norway, was subsequently banned for life from Olympic-type skating by the U.S. Figure Skating Association. She pleaded guilty to conspiring to impede the investigation of the assault with her former husband, Jeff Gillooly, and her bodyguard, Shawn Eckhardt. She was assessed \$160,000 in fines, given three years probation and ordered to perform 500 hours of community service.

Harding is 27 now and gives interviews only when she is paid. She has

continued to lead a tabloid existence in Portland, Oregon, briefly managing a professional wrestler, entering into another short-lived marriage, claiming to be stalked by professional golfers, saving a woman's life in a bar by giving her mouth-to-mouth resuscitation and alleging that a man tried to kidnap her from her pickup truck.

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ART BUCHWALD

A New Kind of Villain

WASHINGTON — I went to see the latest James Bond movie with my grandson, Adam. This is what grandfathers do these days instead of going fishing or skydiving with their families.

I have seen James Bond up against the worst kind of villains, including Nazis, ethnic groups from the Far East and callous KGB devils who wanted to nuke the United States. I suspect that I kept going to see the Bond movies because eventually I expected 007 to triumph over evil as well as make out with the woman of his dreams.

With the end of the Cold War, and political correctness triumphing over good scripting, as I paid my \$7.50 wodered whom Bond would destroy this time.

To my horror, in "Tomorrow Never Dies," I discovered that the archvillain is a media magnate. He is so despicable that he's willing to kill his own wife and finance a plot to start

Carnegie Hall Plans Gershwin Gala

New York Times Service

NEW YORK — Carnegie Hall will open its 1998-1999 season with a gala Gershwin concert on Sept. 23, with the San Francisco Symphony performing under its music director, Michael Tilson Thomas, the hall's executive and artistic director, Judith Arron, said.

Al Jarreau and Audra McDonald will be the guest soloists on the program.



Buchwald

a war between Britain and China just to have a scoop for his papers. Don't even think about it.

Rupert Murdoch.

I was so ashamed that Bond

was up against a madman

from my own profession that I buried my face in my hands

every time he appeared on the screen. I stared with disbelief

as he tried to destroy the good guys just so he could control all the newsstand sales in China.

□

When we left the theater my grandson began to ask questions.

"Why would a newspaper publisher want to kill James Bond?"

"Adam, don't think that all media magnates spend their time trying to kill people or sink British warships. Most of the publishers I know have nice homes in Palm Beach and are not even armed with laser guns and automatic rifles."

□

"Won't the movie give the newspaper business a bad name?"

"No worse than it has now.

My theory is that when they made the picture they wanted an adversary for Bond that the audience would truly hate. Today's moviegoers are no longer intimidated by South American dictators or Russian generals. Recent surveys revealed that the public is still scared silly by the media. So the producer decided to model the archvillain after a media mogul because he knew that the audience would really root for Bond to destroy him."

"I was afraid that the newspaper guy would blow up the world," Adam admitted.

"He would have, but it would have been bad for circulation."

Ode to the Abstract: When Designer Met Dance

By Suzy Menkes
International Herald Tribune

PARIS — Two muscled legs struggle to escape the constricting skirt. Arms flail above a chest puffed out with a lopsided balloon of padding. Then, suddenly, the male dancer flows across the stage, his battle with the vibrantly checked costume won.

By the time Merce Cunningham and his modern dance company took a standing ovation at the Paris Opera on Tuesday, those weird goiter-like protruberances had become part of the performance, as the costumes created powerful, sculpted shapes against the surgical white set.

Such grace flowering from awkwardness is a neat metaphor for the work of Rei Kawakubo, whose costumes were on stage in "Scenario." The Japanese designer is celebrating 25 years in fashion since she founded her Comme des Garcons label in 1973, but she has remained consistently, even stubbornly, avant-garde.

Making costumes that constrict the dancers' movement is as typical of her style as the asymmetrical or randomly draped clothes that have kept her fashion show at the creative cutting edge.

"My starting point was that I don't know anything about dance and I wanted to turn that into a positive thing," said Kawakubo. "When the natural movements of dance are repelled and refuted, you get new forms. If you are too free, you don't find the creativity that comes from a self-given framework."

Kawakubo was speaking at her Paris headquarters, mostly in Japanese through her British-born husband, Adrian Joffe, but with a smattering of English, as when she said "details, the details" after the performance, to express frustration over tiny glitches to her perfectionism.

Cunningham himself, who has a long history of working with artists from Jasper Johns through Robert Rauschenberg, Frank Stella and Andy Warhol, praised the latest collaboration with Kawakubo.

"It was very interesting when she talked about space — I wasn't expecting that," he

said. He was referring to the designer's explorations of space and volume through the distorted body shapes — a concept developed from a controversial fashion show, in which the bumps were interpreted as symbols of fecundity or even cancerous tumors.

Other disputed collections have included an apparent anti-war statement, when army uniforms were deconstructed and remade; clothes misinterpreted as a reference to Auschwitz uniforms, and, in the early 1980s, knitwear with deliberately gaping holes that were dubbed "Swiss cheese" sweaters.

The intellectual, abstract approach, coupled with Kawakubo's often baffling inscrutability, have given her a cult following. A much copied innovation was to have artistic friends ambulating in her new designs rather than models.

Since 1981, when she first showed in Paris, Kawakubo has worked with other creative artists, who exhibit in her Tokyo flagship store, or create images for invitations and publications. A collaboration with Cindy Sherman seemed to reinforce the feminism inherent in Kawakubo's vision, which is always about inner beauty rather than sexual projection.

Showcasing the extraordinary Japanese floral art of Yukio Nakagawa was an example of Kawakubo's approaching an artist whose work reflected her own budding interest in floral patterns and colors, after a decade using "three shades of black."

Another symbolic link between art and fashion will be moving the New York store from SoHo to the gallery area in Chelsea.

Yet when you ask Kawakubo if she is an artist, she rejects the tag.

"No!" she said. "Fashion is not art. You sell art to one person. Fashion comes in a series and it is a more social phenomenon. It is also something more personal and individual, because you express your personality. It is an active participation; art is passive."

In her creative process, Kawakubo is an artist, for she works from a concept that she concretizes by spinning, weaving and dying fabrics, then working with pattern cutters on shapes that are often "extremely abstract."



Designer Rei Kawakubo



Courtesy of The New York Times

Merce Cunningham's dancers in "lump-and-bump" costumes by Kawakubo.

The snowy mille-feuille layers of the spring collection lie on the Paris worktables. Inspired by the idea of thistledown lightness, the studio created superfine cotton wadding that gave clothes the airy prettiness of paper napkins lapping the body: 20 layers for the show, but only 10 for the stores.

This is a rare example of Kawakubo modifying her vision. The "lumps-and-bumps" collection arrived in store like: stretch dresses complete with the cushion paddings of spare tires and dowager's bumps. She is not, she admits, a "commercial" designer, and the balance between integrity and running a business is always an anxiety.

The hidden agenda is the exceptional strength of character Kawakubo has shown, both in sticking to her uncompromising path of "difficult" clothes and of challenging the conformity of Japanese society. She cannot pinpoint exactly the moment, as a teenager, when she felt the need to rebel. She went on to study literature at Tokyo's Keio University and came to fashion via textile advertising.

What next, oow that, at 55, she is at the

pinnacle of her career? Another vigorous shake of the head. "I don't feel that 25 years is any kind of landmark — what I have to do is still ahead of me," she said. "I may have changed some people's perceptions so that they express themselves in a freer way, but, especially in Japan, although I am respected on a personal level, I don't seem to have made much headway."

Yet Kawakubo's designs — especially tucking and asymmetric cutting — have had a noticeable effect on other designers' current collections, as though fashion were finally catching up. Her concept that there is beauty in the unfinished and the random, and that the spirit of clothing can flow from texture and fabric rather than cut and seam, is the accepted fashion currency of a younger generation.

But Kawakubo is modest. And never more so than when she is asked if she would be interested in working again with Cunningham, after her Quasimodo-like costumes received such thunderous applause.

"I should think he would want to find somebody better," she said.

SCENES FROM A LIFE

An 'Amiable Loser' Who Took His Act to Washington

By Lloyd Grove

Washington Post Service



Larry Downing/Reuters

Flags at the Washington Monument flying at half-staff for Sonny Bono.

"He never tried to pretend he was some skilled orator or some skilled politician," Representative Mark Foley, Republican of Florida, recalled the day after Bono, 62, was killed in a skiing accident.

[There will be a public vigil Thursday in California, followed by a funeral the next day. Reuters reported from Washington. The four-hour vigil will begin Thursday at 4 P.M. local time at St. Theresa's Roman Catholic Church in Palms Springs. The funeral will be at the church on Friday at 11 A.M., with interment to follow. A spokesman said the Mass would be open to the public.]

"He never tried to portray himself as being adept at the art of deal-making in the grand Washington tradition," Foley said. "He always told me, 'Hey, this is a gig, man. The public, your audience, wants you to do the gig they're used to seeing....'

"Just by virtue of having been Cher's sidekick,

Sonny came to Washington and there was an aura about him," said Representative David Dreier, Republican of California. "Obviously, everyone knew Sonny Bono, and most everyone had a preconceived notion of Sonny. 'Oh no,' people thought, 'he won't do anything seriously.' And yet he turned out to be one of the most conscientious, first-rate people here."

Many of Bono's legislative initiatives in his three years in the House dealt with parochial interests — measures to tighten copyright protections for writers and composers, require labeling of imported fruits and vegetables, and, after a federal judge struck down California's anti-illegal-immigrant Proposition 187, make it more difficult for courts to overturn popular referendums. He also backed such conservative causes as banning flag burning and same-sex marriages, and supporting prayer in schools.

Bono's uncanny sense of timing — sharpened by decades as an entertainer — established his credentials as a Washington player, and swept aside most skeptics, when he was a newly minted freshman in January 1995. Bono's timing was the engine behind his legendary performance at the Washington Press Club Foundation dinner, a monologue skewering the power elite — most of whom happened to be sitting in the audience and loving every insult.

Representative Dennis Kucinich of Ohio, one of many Democrats Bono befriended, remembered a man "who was totally unpretentious and down to earth. When I met him I was immediately impressed by his humility. He had the common touch and the gift of humanity. . . . There will never be another like him."

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sonly folded in 1960 and Bono's own efforts at recording were stillborn. In 1962, he co-wrote "Needles and Pins" for British pop singer Jackie DeShannon, but it didn't become a hit until 1964, when the Searchers covered it.

Success didn't materialize until his union with Cher, and neither did a reasonable sartorial sensibility. While Sonny's 1965 solo hit "Laugh at Me" recounted his being refused admittance at a fashionable restaurant because of his outlandish dress, by 1966 Sonny and Cher had their own clothing line on sale.

By 1970, as their recording career declined, Sonny and Cher had become regulars on the Vegas cabaret circuit with an act mixing music and comedy. From 1971 to 1974, they took that formula to CBS television, starring in the popular "Sonny and Cher Comedy Hour," which also featured their daughter, Chastity.

While Cher went on to a successful career as both singer and actress, Bono largely retired from the music scene in the late '70s. But in 1991 he was the subject of a tribute album, "Bomograph: Sonny Gets His Share," in which a half-dozen bands paid belated homage to his songwriting skills.

EARLY radio recordings by the Rolling Stones, hidden away for nearly 35 years, could hit the airwaves again if the BBC and the group can reach agreement. The BBC, which has the 1963-65 recordings in its archives, owns the recordings and the group owns the performances. "It is astonishing that no one has thought to release this before. It is outstanding — raw, unsophisticated and compelling," John Willian, head of music at BBC Worldwide, was quoted as saying in The Independent newspaper. . . . Mick Jagger has laryngitis, and the Stones were forced to cancel a concert in Syracuse, New York, on short notice. About 27,000 of the 39,000 seats were sold for the concert, part of the group's "Bridges to Babylon" tour. Stadium officials hoped to reschedule the show for the spring, and fans were urged to keep their tickets, but those who want refunds can get them beginning Friday.

About 40,000 tickets to visit the grave of Diana, Princess of Wales, were sold within 48 hours of going on sale in London. That's around a quarter of all the tickets up for sale, despite callers having to wait several hours to get through on the ticket hotline. Only 2,500 people a day will be able to see the grave at the Spencer family seat at Althorp, north of London, which will be open in July and August.

Mykelty Williamson, who played Tom Hanks' slow-talking, shrimp-loving army buddy in "Forrest Gump," was arrested on suspicion of stalking his ex-wife and stabbing her friend. Williamson spent the night in jail in Los Angeles and was released on \$180,000 bail. Cheryl Chisholm, his ex-wife, told police he had been stalking her. Williamson was also in "Waiting to Exhale," "Heat" and "Con Air."

Jimmy Buffett says he's got dibs on Margaritaville — not the fictional tropical paradise of his song, but the restaurant name. Emma and Neil Mathews, who run a restaurant in Kingman, Arizona, renamed their eatery Margaritaville more than 10 years ago, the couple got a letter last month from the singer-songwriter asking them to stop using the name, which is the title of Buffett's 1970s hit song and is owned as a trademark by Buffett. He owns Margaritaville restaurants in Key West, Florida, and New Orleans.

James Rubin, the U.S. State Department spokesman, is engaged to be married to the CNN correspondent Christiane Amanpour.

Tony Winner Will Aid 'Capeman'

By Rick Lyman
New York Times Service

NEW YORK — Producers of the new Paul Simon musical, "The Capeman," said that the director Jerry Zaks had been hired to help get the show into shape for its Jan. 29 opening.

Zaks will be working in "an unofficial capacity," said Al Kloros, one of the producers of the musical, based on the true story of Salvador Agron, a teenager from Puerto Rico convicted in the 1959 murder of two other teenagers. Kloros said that Zaks would receive "some remuneration" for his services, though his name would not appear in the musical's credits.

The show's director and choreographer, Mark Morris, will remain in charge of the production and will attend all of Zaks's sessions with the cast in coming weeks. Kloros said.

The show, which has been in previews



Heads off — A worker dismantling the Statue of Liberty replica in Paris on Wednesday. It will be reassembled in Tokyo for "The Year of France."

The wedding is planned for some time this summer. Asked about the engagement, Rubin told the diplomatic press corps: "Well, I have no announcements for you today. But I'll accept wishes of congratulations."

The singer Olivia Newton-John, her husband, Matt Lattanzi, and two daughters have sold their five-level Malibu, California, house for \$7 million. The family is moving back to Australia for a while, where Newton-John will host a television show.

The first wife of Hergé, the creator of the "Tintin" comic, has left part of her art collection to Belgium's fine arts authority. The collection of Germaine Kieckens, who died at 89 in 1995, included lithographs by Max Ernst and Enrico Baj and portraits of her, one by Hergé. Hergé, whose real name was Georges Remi, died at 77 in 1983.

Lionel Hampton's 90th birthday is just over the horizon, but the durable jazz vibraphonist, pianist, and drummer is off and running not a tour that is to take him and his orchestra to Switzerland, Austria and Germany through midmonth. A highlight of the tour comes on Monday in Vienna, where Hampton will receive the Austrian Cross of Honor for Science and Art, First Class.

since Dec. 1, had been scheduled to open Wednesday, but producers decided last month to postpone the opening by three weeks, to allow more time, they said, for rehearsal and the inclusion of new songs and other elements.

The producers also acknowledged at the time that the director Mike Nichols, a friend of Simon's, and the director Nicholas Hytner, a friend of the show's stage designer, Bob Crowley, had seen preview performances and offered suggestions for improvements.

"The Capeman" is Simon's first attempt at a Broadway musical. Zaks, a four-time Tony winner (for "House of Blue Leaves" in 1986, "Lend Me a Tenor" in 1989, "Degrees of Separation" in 1991 and "Guys and Dolls" in 1992), is also set to direct the American premiere of "The Cripple of Inishmaan," by the British playwright Martin McDonagh, at the Joseph Papp Public Theatre in March.